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**Review of implementation of the United Nations
Convention against Corruption**

Executive summary

Note by the Secretariat

Addendum

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II. Executive summary

Saudi Arabia

1. Introduction: overview of the legal and institutional framework of Saudi Arabia in the context of implementation of the United Nations Convention against Corruption

Saudi Arabia signed the Convention on 9 January 2004 and ratified it on 23 January 2013 pursuant to Royal Decree No. M/5. Saudi Arabia deposited its instrument of ratification with the Secretary-General of the United Nations on 29 April 2013.

The implementation by Saudi Arabia of chapters III and IV of the Convention was reviewed in the fourth year of the first review cycle, and the executive summary of that review was published on 24 September 2015 (CAC/COSP/IRG/II/4/1/Add.20).

Saudi Arabia has committed itself to pursue zero tolerance against corruption and does not grant immunity from prosecution to any person or public official, including members of the royal family.

Saudi Arabia has adopted the principle of direct implementation of international conventions. Article 70 of the Basic Law on Governance stipulates that laws, international treaties and agreements, and privileges are issued and amended by royal decrees. Thus, the international conventions to which Saudi Arabia has acceded are an integral part of domestic law and have the same status as national laws. In case of conflicting provisions, the terms of international treaties and agreements are applied (art. 81, Basic Law on Governance).

The national legal framework against corruption includes the Anti-Bribery Law, the Anti-Money-Laundering Law, the Law on the Management of Public Funds, the Banking Control Law, the Cooperative Insurance Companies Control Law, the Finance Companies Control Law, the Criminal Procedure Law, the Personnel Disciplinary Law, the Civil Service Law and Royal Decree No. 43 on Protecting the Integrity of the Public Service. Saudi Arabia is a party to a number of international agreements on international cooperation, crime control and crime prevention.

The law enforcement authorities of Saudi Arabia cooperate through different mechanisms and networks, including the Financial Action Task Force (FATF) (observer since 2015), the Middle East and North Africa Financial Action Task Force (MENAFATF) (member since 2005), and the Egmont Group of Financial Intelligence Units, the International Criminal Police Organization (INTERPOL) and the Gulf Cooperation Council.

Entities involved in the prevention and countering of corruption include: the National Anti-Corruption Commission (Nazaha), the public prosecution service, the judiciary, the Ministry of Interior, the Ministry of Justice, the Control and Investigation Board, the General Auditing Bureau, the General Directorate of Financial Investigation and the General Directorate of Administrative Investigation (both under the Presidency of State Security), the Monetary Agency of Saudi Arabia, the Capital Markets Authority, the Ministry of Finance, and Ministry of Civil Service. The Standing Committee on Requests for Legal Assistance plays a key role in the field of international cooperation. The Standing Committee on Anti-Money-Laundering and the Standing Committee on Combating Terrorism and its Financing, as well as a working group to follow up the implementation of the Convention, have also been established.

2. Chapter II: preventive measures

2.1. Observations on the implementation of the articles under review

Preventive anti-corruption policies and practices; preventive anti-corruption body or bodies (arts. 5 and 6)

Saudi Arabia has adopted a formal written strategy, the National Strategy for Maintaining Integrity and Combating Corruption (Council of Ministers Resolution No. 43 of 19 February 2007). Nazaha is responsible for overall coordination and follow-up on the implementation of the Strategy with all public and private sector institutions, which in turn are obligated to coordinate with Nazaha. Nazaha constantly follows up on the implementation of the Strategy with relevant entities, requests statistics on implementation, and is required to report annually to the King. It conducts various monitoring, oversight, outreach and awareness-raising activities, in coordination with relevant public authorities.

Since its adoption, many efforts were made in the field of prevention, as well as the adoption and modification of laws, in cooperation with various stakeholders. For example, each institution has developed a comprehensive programme on corruption prevention, awareness-raising and revising policies and procedures.

As for measuring progress in achieving the Strategy's objectives, a Standing Committee was established in Nazaha in September 2016 to follow up and monitor the implementation of the Strategy. The Committee has conducted a preliminary evaluation of the Strategy's overall implementation, based on indicators developed in consultation with different stakeholders. Based on these key performance indicators, a public dashboard was developed, which shows overall results and progress achieved, and a model for follow-up and evaluation was developed, for which implementation is ongoing.

Currently, a team in Nazaha is reviewing the Strategy and is expected to issue recommendations for its revision to the competent entities.

Nazaha is the main body tasked with preventing corruption, including awareness-raising and receiving complaints. It has carried out several measures in this area, and a specific focus has been promoting integrity in education in partnership with the Ministry of Education. Nazaha also worked closely with the Ministries of Interior, Defence and Justice, among others, on corruption prevention measures, including the adoption of an information sharing system for corruption court judgments to be transferred to Nazaha for monitoring and appropriate action.

Nazaha is also responsible for conducting periodic reviews of relevant laws and procedures (art. 3 (8), Statute of Nazaha). Other institutions also conduct evaluations of anti-corruption laws and regulations. For example, the Ministry of Finance is updating the Government Tenders and Procurement Law in consultation with public and private sector entities. Other laws under revision at the time of review include the Anti-Bribery Law, Law on Abuse of Power, Law on the Management of Public Funds, and Statute of Nazaha. A draft law on the Protection of Victims, Witnesses and Persons of Equivalent Status and one on the Freedom of Circulation of Information have also been prepared.

Saudi Arabia actively engages in regional and international cooperation and participates regularly in relevant conferences, meetings and forums, including the working groups under this Convention and the Group of 20 Anti-Corruption Working Group. National entities have signed a number of memorandums of understanding on cooperation and engage in training and exchange of expertise with other government agencies involved in combating corruption.

Nazaha was established by Royal Decree No. A/65 (18 March 2011). The Commission appears to be adequately trained, possess sufficient resources and has adopted measures to safeguard its legal, operational and budgetary independence.

Public sector; codes of conduct for public officials; measures relating to the judiciary and prosecution services (arts. 7, 8 and 11)

The recruitment, hiring, promotion, and retirement of civil servants is regulated by the Civil Service Law (Royal Decree No. 49 of 1977). Other applicable laws include the Personnel Disciplinary Law and Royal Decree No. 43 on Protecting the Integrity of the Public Service.

Pursuant to article 1 of the Civil Service Law, competency is the basis for the selection of applicants for the civil service. To achieve the principle of merit, the Ministry of Civil Service sets rules and procedures for the selection and assessment of candidates. Vacancies for positions in class 10 and below are published online through a web-based application named Jadara.

Criteria for promotion have also been developed, which establish conditions that both the candidate and the public entity must meet. Retirement is governed by provisions on the end-of-service requirements set forth in the Civil Service Law.

The Kingdom has adopted multiple salaries scales for the civil service, depending on the different nature of functions and the special status of some positions.

Additional measures on hiring, promotion and termination apply to certain categories of officials, such as members of the Council of Ministers, the Shura Council, the judiciary, the public prosecution service and Nazaha.

Training comprises part of the regular duties of civil servants (art. 34, Civil Service Law). Additional integrity training is conducted for some categories of officials, such as members of the judiciary, the public prosecution service and procurement officers.

Elections in the Kingdom are only conducted for members of the Municipal Councils. The Law on the Election of Members of the Municipal Councils (2011) sets forth eligibility requirements to strengthen integrity and prevent conflicts of interest (art. 19). The law requires transparency in reporting funding sources to the local elections commission (art. 23) and prohibits foreign and governmental funding of campaigns (art. 16). Civil servants are further prohibited from influencing, directly or indirectly, any electoral campaign (art. 15).

Some rules preventing conflicts of interest are set forth in the Civil Service Law. Articles 13 and 14 prohibit civil servants from establishing or working for any company, or serving on its board of directors, and from engaging in external work for an organization the employing institution is party to.

Royal decree No. 43 on Protecting the Integrity of the Public Service provides for punishment of public officials who engage in any trade or profession without official permission.

In 2016, the Kingdom issued the Code of Conduct and Ethics (Council of Ministers' Resolution No. 555 of 27/09/2016) enforceable on all civil servants, except those governed by specific codes of conduct. The Code includes a chapter V on conflicts of interest which requires civil servants, inter alia, to obtain approval before seeking private sector employment and to disclose in writing any actual or potential conflict of interest (art. 19). A conflict of interest is defined as a situation where there is a special interest, whether actual or potential, for the official or another person that affects their objectivity or neutrality in making a decision or expressing an opinion related to their functions, including but not limited to: (a) the existence of an interest between the employee and the contracting party; and (b) consanguinity up to the fourth degree (art. 19 (3) of the Code of Conduct). Disclosures must be made in writing "to the party designated by the employer"; however, no verification procedures are outlined.

Due to the specific nature of their work, specialized standards of conduct are in force for Nazaha, the Monetary Agency of Saudi Arabia, the judiciary and the public prosecution service, which contain further conflict-of-interest provisions. Nazaha is further tasked with developing rules for maintaining integrity (art. 13, Statute of

Nazaha), which would, inter alia, require public officials to observe a cooling-off period before engaging in employment in the private sector.

Generally, the acceptance of gifts by civil servants, including from a foreign Government, is prohibited (art. 15, Code of Conduct). Under the Nazaha Code of Conduct, staff are also prohibited from accepting any gifts in connection with their functions. The rules on gifts contain exemptions for public officials during official functions and events, as set forth in the rules governing the acceptance by officials in government agencies of gifts given to them during official visits and events (issued by the Council of Ministers Resolution No. 60 of 18 Safar 1437 A.H. (30 November A.D. 2015)), as well as for members of the Shura Council, as per the rules governing the acceptance by Members of the Council and its senior officials of gifts given to them during official visits and events, published on the Council's website.

The human resources departments of the different entities are entrusted with the enforcement of the codes of conduct. Violations are addressed through administrative procedures in accordance with the Personnel Disciplinary Law (Royal Decree No. M/7 of March 1971). In case of a violation requiring dismissal, the disciplinary proceedings are referred to the Administrative Court (art. 13, Law on the Board of Grievances).

Public officials have a duty to report violations of regulations to their line manager or any competent authority (art. 20, Code of Conduct). Nazaha receives reports through various channels, including in person, by mail or fax, via the Internet or a telephone hotline, and anonymously via a dedicated mobile phone application.

Nazaha ensures the confidentiality of reports and takes steps to ensure adequate protection of reporting persons from threats or mistreatment. A draft law on the protection of victims, witnesses and persons of equivalent status is still under consideration.

The independence of the judiciary is established (arts. 44 and 46, Basic Law on Governance; art. 1, Law on the Judiciary). Rules and conditions for the appointment and qualification of judges are set forth in the Law on the Judiciary (arts. 31, 33–36) and the detailed rules issued by the Supreme Judicial Council (Resolution 2058/18/33 of 31 May 2012).

The Judicial Inspection Authority conducts inspections of the work of the judiciary (chap. 4, sect. 4 (arts. 55–57), Law on the Judiciary). Section 5 (arts. 58–68) lays out rules on discipline of judges.

The organization and functioning of the public prosecution service are regulated by Royal Decree No. M/56 of 29 May 1989. Its members are considered members of the judiciary and therefore subject, in the exercise of their duties, only to the provisions of the Islamic Sharia and the laws in force (art. 5). Assessment of the performance of members by the inspection and follow-up unit of the public prosecution service and disciplinary measures are enshrined in the law.

A code of conduct for the judiciary for Gulf Cooperation Council countries was issued in October 2016 and is considered part of the national legislation. Article 146 of the Criminal Procedure Law further applies the rules related to impartiality of judges under the sharia procedure law to the recusal and disqualification of judges (part 8, Law on Procedure before Sharia Courts). A draft code of conduct for judges has also been prepared. For the public prosecution service, a specialized code of conduct is in force, which requires its members to be committed to impartiality, integrity and fairness (art. 2). The Criminal Procedure Law further contains rules on the impartiality of members of the public prosecution service in assuming cases or issuing decisions (art. 21).

Public procurement and management of public finances (art. 9)

Public procurement in Saudi Arabia is regulated by the Government Tenders and Public Procurement Law (Royal Decree No. M/58 of 27 September 2006), which

stipulates that all government works and procurement must be put up for public tender, except as excluded under the law (art. 6). The implementing regulation requires the publication of tender documents (art. 6) and establishes bid submission procedures (arts. 14–23). Contracts are awarded to the lowest bidder and the best in technical terms, which complies with the terms and specifications (art. 29). The Law on Government Competition and Procurement System, adopted in January 2018, introduces both price and non-price elements in bid evaluation criteria, to achieve the concept of best value for money.

Tender decisions are subject to oversight by Government controllers, review by the General Auditing Bureau and monitoring by Nazaha. Contracts for which implementation exceeds a one-year duration that are valued above SAR 5 million are to be submitted by governmental institutions and entities for review by the Ministry of Finance before signature (art. 32, Tenders and Procurement Law). The right to file judicial complaints against an administrative authority, including cases related to contracts to which the authority is party, is established (art. 13, Law on the Board of Grievances).

Several preventive measures have been adopted to enhance integrity in public procurement (e.g., art. 17, Tenders and Procurement Law). Article 19 of the Code of Conduct and Ethics requires recusal of public servants from any decision aimed at influencing any contract award which a member of their family is part of, as well as for disclosure of conflicts of interest. Integrity training of procurement officers is conducted by the National Institute of Public Administration.

The Ministry of Finance is currently establishing an integrated electronic system of government tenders and procurements.

The national budget of the Kingdom is prepared by the Ministry of Finance, following consultations with all government agencies, and submitted to the Council of Economic and Development Affairs before adoption by the Council of Ministers. The budget is implemented according to Guidelines issued by the Ministry of Finance. Expenditures are monitored through an electronic accounting system, under supervision of financial controllers. Penalties for violations, if public funds are not properly collected, disbursed or spent are provided in the Law on the Management of Public Funds and in the Criminal Code in cases of embezzlement. The General Auditing Bureau is entrusted with the task of post-audit of all State revenues and expenditures (art. 7, Law on the General Auditing Bureau).

Council of Ministers Resolution No. 225 of 20 Sha'ban 1425 A.H. (5 October A.D. 2004) establishes internal audit units in government entities responsible for monitoring collections and disbursements and ensuring the proper recording of transactions and accounting records, with external oversight by regulators such as the General Auditing Bureau, the Control and Investigation Board, Nazaha and the Ministry of Finance.

The Ministry of Finance has introduced a financial risk management framework as one of the initiatives under the National Transformation Program through the development of a medium-term financial policy framework.

Public reporting: participation of society (arts. 10 and 13)

Access to information is stipulated in the National Anti-Corruption Strategy and considered one of the means of achieving its objectives (Third). The dissemination of information is ensured through specialized online portals, such as the e-government portal of Saudi Arabia and the websites of the Monetary Agency of Saudi Arabia and the Ministry of Finance. The Board of Grievances has the authority to hear claims in matters involving adverse decisions on requests for information or other administrative action.

With regard to simplifying administrative procedures, several programmes in the Kingdom are switching to electronic service delivery, under a comprehensive programme named Yesser. Constant coordination is carried out to streamline

procedures across institutions. Nazaha, in collaboration with other entities, such as the Shura Council, is responsible for monitoring administrative reforms.

A number of steps are taken to measure the progress of administrative reforms. For example, the National Centre for Measuring the Performance of Public Entities, which is organizationally linked to the Prime Minister, was established with a mandate that includes monitoring transparency and efficiency in the public administration. Several institutions also publish statistics and reports on government performance.

To promote the participation of civil society in national anti-corruption efforts, Nazaha engages civil society in its outreach activities and has established integrity clubs in schools and universities. Collaborative efforts with the public and channels of communication are set out in article 3 of the Nazaha Statute. The Decision Making Support Centre, organizationally linked to the Royal Court, contributes to raising awareness of Government decisions and to creating communication channels with the public.

A draft law on freedom of circulation of information has been prepared, which would grant any natural or legal person the right to access information of any public entity, except for confidential information affecting sovereignty and national security.

Private sector (art. 12)

The National Anti-Corruption Strategy includes the engagement of the private sector as an element to protect integrity and counter corruption. Nazaha promotes private sector efforts to adopt anti-corruption plans and programmes, and monitors their implementation (art. 3 (5), Nazaha Statute).

The Kingdom has issued several laws that provide for measures to strengthen integrity and counter corruption in the private sector and to enhance accounting and auditing standards. These laws include the Banking Control Law, the Finance Companies Control Law, the Cooperative Insurance Companies Control Law, the Companies Law, the Capital Market Law and the Anti-Money-Laundering Law, which also establish penalties for non-compliance. Additional regulations and instructions related to governance include internal auditing guidelines and instructions related to the work of administrative boards, committees, executive and internal departments and external auditors.

Regulatory authorities such as the Monetary Agency of Saudi Arabia supervise the financial sector. Violations, once discovered, are addressed through the regular administrative or criminal procedure. Statistics on violations of the auditing and accounting laws and regulations are maintained by the Association of Auditors of Saudi Arabia.

A number of integrity standards exist for the private sector. For example, in March 2014, the Monetary Agency of Saudi Arabia issued the main principles of governance in banks operating in the Kingdom, which cover, inter alia, conflicts of interest and the mechanism for supervising the integrity and performance of members. The Capital Markets Authority has issued corporate governance regulations addressing good governance standards for listed companies and the Monetary Agency of Saudi Arabia has issued the Code of Conduct Regulation for the Insurance Market.

Conflicts of interest in the private sector are also regulated by the Corporate Governance Regulation (chap. 6, arts. 18 and 43) and Companies Law (art. 11). The Capital Markets Authority has issued regulations, which provide rules of conduct for Capital Markets Authority authorized persons and establish controls on client assets (art. 41).

Both the Monetary Agency of Saudi Arabia and the Capital Markets Authority require prospective employees in private sector entities to file disclosures covering conflicts of interest, assets and qualifications (fit and proper forms), which are inspected by the same authorities. Listed companies are further required to comply with instructions

governing corporate announcements and to disclose material corporate events, pursuant to the Companies Law and the Capital Market Law.

The tax deductibility of expenses constituting bribes, including when paid abroad, is prohibited (art. 13, Income Tax Law).

Measures to prevent money-laundering (art. 14)

The legal regime of Saudi Arabia on anti-money-laundering consists principally of the Anti-Money-Laundering Law (2012) and its implementing regulation, as well as rules, circulars and guidelines issued by the Monetary Agency of Saudi Arabia, including those applicable to banks, finance companies, cooperative insurance companies, and the opening of bank accounts. Guidelines, instructions and circulars on anti-money-laundering have also been issued by the General Directorate of Financial Investigation.

The Standing Committee on anti-money-laundering under the chairmanship of the Monetary Agency of Saudi Arabia ensures the implementation of the FATF recommendations and applicable laws and regulations. The Monetary Agency of Saudi Arabia and the Capital Markets Authority carry out a supervisory role over financial and designated non-financial institutions and conduct inspection and supervision to ensure compliance with anti-money-laundering requirements.

The financial investigation unit was established in 2003 and commenced its operations in 2005. The General Directorate of Financial Investigation receives, analyses and disseminates suspicious activity reports, and directs other activities related to anti-money-laundering. It is a member of the Egmont Group.

All supervisory and regulatory entities responsible for anti-money-laundering and law enforcement cooperate and exchange information in practice, both domestically and internationally.

The inter-institutional Standing Committee on anti-money-laundering was established by Council of Ministers Resolution No. 15 (3 May 1999). The Committee's tasks include to consider all issues relating to anti-money-laundering in the Kingdom, and to submit suggestions to the King on methods to improve the anti-money-laundering framework.

The Kingdom is currently assessing national risks in terms of anti-money-laundering. A task force has been established for this purpose within the Anti-Money-Laundering Standing Committee.

To comply with the requirements of combating money-laundering and the financing of terrorism, all financial and non-financial institutions must have in place efficient internal control systems, apply know-your-customer standards, develop systems for monitoring and reporting transactions, prepare customer profiles and verify account data, and ensure adequate employee qualifications and training. The rules require beneficial ownership identification and record-keeping, as well as enhanced due diligence of clients, accounts and transactions (see art. 52).

Several institutions provide instructions and guidance to identify high-risk accounts, such as the General Directorate of Financial Investigation, the Monetary Agency of Saudi Arabia, the Capital Markets Authority, the Ministry of Justice and the Ministry of Trade and Investment.

A system of declaration of cash, negotiable instruments and precious metals is established (art. 16, Anti-Money-Laundering Law). Sanctions for false or incomplete declarations are provided for (art. 16-5, implementing regulations).

The Kingdom has satisfactorily addressed the deficiencies of its 2010 FATF/MENAFATF mutual evaluation to the level of compliance of, at a minimum, Largely Compliant.

2.2. Successes and good practices

- Saudi Arabia actively engages in regional and international cooperation relating to combating corruption as well as initiatives-based training aimed at strengthening integrity and exchange of expertise (art. 5).
- Various forms of continuous professional and specialized training to counter corruption and strengthen integrity are provided to public sector institutions, in particular for the public prosecution service, the judiciary and other public entities, based on relevant national and international good practices (art. 6).
- Saudi Arabia demonstrates progress in making the procurement process open and transparent, enabled by the eProcurement system; the proposed introduction of a whitelist will facilitate contracting with suppliers of high integrity standards (art. 9).
- Various initiatives have been taken across government to simplify administrative procedures and introduce e-government and services (art. 10).

2.3. Challenges in implementation

It is recommended that Saudi Arabia:

- Continue efforts to strengthen monitoring and evaluation of the National Strategy for Maintaining Integrity and Combating Corruption, including by setting reporting mechanisms and building a national database to collect data and statistics related to corruption from all relevant parties, with a view to continue the assessment of the strategy's implementation and to determine its impact on a current and continuous basis; in addition, the reviewers welcome efforts to further enhance the Strategy and constantly update it, building on the results of the monitoring and evaluation; authorities should continue to promote and monitor implementation of the National Strategy for Maintaining Integrity and Combating Corruption by the private sector, and promote the active contribution of non-public entities in the development of anti-corruption policy (art. 5).
- Continue to enhance coordination and cooperation between relevant anti-corruption entities, namely Nazaha, the Monetary Agency of Saudi Arabia (i.e., regarding access to financial information and verification of asset disclosures), the public prosecution service (i.e., regarding prosecution of corruption offenders and gathering of evidence), the General Directorate of Financial Investigation (i.e., regarding the link between money-laundering, corruption and asset recovery) and judiciary (i.e., on the return of assets) (art. 5).
- Continue to strengthen the risk-based approach to prevention activities undertaken by Nazaha and public entities, especially in identified priority areas; steps in this direction are seen as a welcome development (art. 5).
- While welcoming the legal, operational and budgetary independence of Nazaha, continue to preserve such independence (art. 6).
- Take necessary administrative steps to enact the rules contained in the Statute of Nazaha: implementing regulations for reporting corruption and communication channels to receive, verify and act on reports (art. 3 (12)), rules on financial declarations and oath (art. 9) and rules for maintaining integrity (arts. 13 and 6).
- Assess the current rules and regulations around conflicts of interest, including the acceptance of gifts, with a view to developing a clearer set of rules that are broader and more in line with international good practices; Saudi Arabia is encouraged to consider adopting a more clearly defined procedure for receiving and verifying conflicts of interest disclosures, and providing guidance to officials on this concept (art. 8).

- Continue efforts towards implementing the Law on Government Competition and Procurement System (art. 9 (1)). In the budgetary context and in the process of long-term economic forecasting, continue efforts towards implementing a clearly defined, centrally developed system of risk analysis and management, and train officials involved in budgeting and expenditure management accordingly (art. 9 (2)).
- Continue efforts to enhance transparency by providing current and up-to-date information on government performance and service delivery; the reviewers welcome the work of the National Centre for Measuring the Performance of Public Entities in this context (art. 10).
- Take necessary administrative steps to adopt a freedom of information law (art. 13).
- Take steps to address the remaining deficiencies of the FATF/MENAFATF review (art. 14).

3. Chapter V: asset recovery

3.1. Observations on the implementation of the articles under review

General provision; special cooperation; bilateral and multilateral agreements and arrangements (arts. 51, 56 and 59)

The confiscation and recovery of assets is regulated primarily in the Anti-Money-Laundering Law and its implementing regulation, as well as the Anti-Bribery Law, the Law on Abuse of Power, the Law on the Management of Public Funds, the Royal Decree on Protecting the Integrity of the Public Service, the Criminal Procedure Law, and the Law on Procedure before Sharia Courts. Procedures for asset recovery through international cooperation are spelled out in the Procedural Manual for Asset Recovery in the Kingdom of Saudi Arabia (also known as the asset recovery guide) and the rules of procedure of the Standing Committee on Requests for Legal Assistance.

Saudi Arabia has never refused a request related to asset recovery to date, although several requests were returned for further specification. There have been several requests for asset recovery under the Convention.

Saudi Arabia has adopted a policy of providing "informal" assistance in reviewing requests for mutual legal assistance before their formal submission, and consults as a matter of practice with requesting States before rejecting or deferring requests (arts. 15 (4) and 18, rules of procedure of the Committee).

Domestic authorities spontaneously transmit information, especially in anti-money-laundering cases and cases on the financing of terrorism (art. 25, Anti-Money-Laundering Law; asset recovery guide). The General Directorate of Financial Investigation has signed 28 memorandums of understanding on cooperation, including voluntary exchange of information. Authorities also share information spontaneously through the Egmont Group and INTERPOL. The Riyadh Arab Agreement for Judicial Cooperation and other treaties the Kingdom is party to include rules for special cooperation.

The Kingdom has concluded numerous bilateral and multilateral cooperation agreements in the areas of crime control and the tracing of criminals and proceeds of crime, such as with the Gulf Cooperation Council Security Agreement and several bilateral agreements.

Asset recovery is subject to dual criminality, and presupposes the existence of an agreement or reciprocity, as stipulated in the asset recovery guide. Saudi Arabia implements the provisions of this Convention directly in cases where no relevant agreement applies.

Prevention and detection of transfers of proceeds of crime: financial intelligence unit (arts. 52 and 58)

Financial institutions and designated non-financial businesses and professions are subject to the requirements of customer due diligence, in accordance with the Anti-Money-Laundering Law (arts. 1, 5–8, 12) and its implementing regulation. Customer due diligence, know-your-customer and beneficial ownership verification are also required pursuant to rules issued by the Monetary Agency of Saudi Arabia and the Capital Markets Authority. The rules establish necessary measures for institutions to verify the identity of customers and beneficial owners, and to monitor and report suspicious transactions, including through intermediaries. The rules also require enhanced scrutiny of high-risk accounts and politically exposed persons, including their family members and close associates. Record-keeping requirements are spelled out (art. 6, Anti-Money-Laundering Law).

Recent amendments to the regulations incorporate the requirements of FATF on matters such as dealing with high-risk jurisdictions, periodic updating of client account information, and monitoring and reporting. The Monetary Agency of Saudi Arabia conducts trainings on these requirements and has also established a manual on combating embezzlement and financial fraud control guidelines.

The rules on correspondent banking and prohibition on dealing with “shell banks” are found in the rules on anti-money-laundering and combating the financing of terrorism for banks, money exchange businesses, and branches of foreign banks.

Asset declarations are currently required for Nazaha, pursuant to the rules of Nazaha on financial disclosures adopted by the President of Nazaha in Resolution No. 2 of 4 December 2011. Verification is done by a specialized department in Nazaha, which receives the relevant forms every three years and upon termination of service. The department is mandated with the power of inspection and verification and may recommend administrative punishment in case of violations. Declarations of financial and non-financial interests are also required for staff of the Monetary Agency of Saudi Arabia pursuant to the Agency’s code of conduct.

As for other public officials, a draft regulation on requirements for financial disclosures by some categories of State employees, prepared by Nazaha, would require asset declarations by a wider group of officials, including over foreign financial interests (art. 6, para. 2 of the draft). There is currently no disclosure requirement for public officials concerning interests in foreign financial accounts.

Measures for direct recovery of property: mechanisms for recovery of property through international cooperation in confiscation: international cooperation for purposes of confiscation (arts. 53, 54 and 55)

Saudi Arabia legislation establishes the basic right of an injured party, whether legal or natural, domestic or foreign, to initiate an action to establish ownership of property or sue for compensation in the domestic courts. This is presumed to include foreign governments.

Article 27 of the Anti-Money-Laundering Law allows the national authorities to give effect to confiscation orders issued by the competent courts of other countries, if the proceeds or means can be confiscated according to laws applicable in the Kingdom. When a request for enforcement of a foreign judgment is received, the Standing Committee on Requests for Legal Assistance transmits the judgment to the competent court to order its execution (art. 14 (3), rules of procedure of the Committee; asset recovery guide). Specific observations on the domestic confiscation regime were issued during the first review cycle.

Provisional measures leading to confiscation (seizure and tracing) on the basis of a legal assistance request are addressed in article 26 of the Anti-Money-Laundering Law; provisions in the asset recovery guide and the rules of procedure of the Standing Committee on Requests for Legal Assistance further provide for domestic confiscation orders on the basis of a foreign request. Several national laws provide

for seizing or confiscating property obtained through, or used in, corruption-related offences.

As a general rule, the principle upheld in Saudi Arabia law is that confiscation must be based on a conviction; however, the lapse of a public criminal action does not preclude confiscation proceedings (art. 22, Criminal Procedure Law; art. 10, regulation implementing the Criminal Procedure Law). In asset recovery matters, the asset recovery guide specifically provides for non-conviction-based confiscation. Case examples were referred to where assets were seized domestically in the absence of a conviction.

Seized property is preserved in accordance with the directions of the court within whose jurisdiction an investigation has been conducted (art. 93, Criminal Procedure Law). In accordance with the asset recovery guide, the order of seizure is required to set out the manner in which funds are kept and managed, and the competent court may appoint an administrator, if necessary, whose expenses are to be deducted from the value of the property. Pending the establishment of a specialized asset management office, as foreseen by Resolution No. 451 (2017) of the Council of Ministers, seized and confiscated assets are managed by the Authority of Guardianship for the Funds of Minors and Similar Persons and service providers licensed by the Ministry of Justice.

Return and disposal of assets (art. 57)

In accordance with the asset recovery guide and rules of procedure of the Standing Committee on Requests for Legal Assistance, proceeds of crime devolve to the Kingdom, unless otherwise agreed on a case-by-case basis, or in accordance with relevant bilateral agreements or treaties. The provisions of this Convention are directly applicable in cases where no relevant agreement applies and take precedence over arrangements concluded on a case-by-case basis. A request received from another State party in accordance with article 57 would be executed accordingly.

When a decision to return assets has been taken, it is the policy of the Kingdom to return assets without deducting any share, except in exceptional cases to cover reasonable costs, as provided for in the applicable agreements. There have been no cases to date where Saudi Arabia has deducted expenses related to asset recovery.

Article 17 of the Anti-Money-Laundering Law provides that confiscated funds may be disposed of according to the law or shared with countries that are parties to valid agreements or treaties with the Kingdom. Saudi Arabia has not concluded any agreements related to asset sharing and there have been no cases involving asset sharing to date.

Saudi Arabia does not impose any conditions on the return of assets.

The return of property to previous legitimate owners and compensation for victims of crime are regulated (art. 3, Royal Decree No. 43 on Protecting the Integrity of the Public Service; art. 68, Criminal Procedure Law; art. 9, Law on the Management of Public Funds).

The asset recovery guide and rules of procedure of the Standing Committee on Requests for Legal Assistance further set out that, in all cases where legal assistance is provided, the right of the Kingdom to proceeds of crime as well as the rights of bona fide persons may not be prejudiced.

3.2. Successes and good practices

- Saudi Arabia has developed clear guidance to facilitate asset recovery procedures, in the form of a dedicated manual (available in English and Arabic);
- Saudi Arabia has adopted a policy of providing "informal" assistance in reviewing requests for mutual legal assistance before their formal submission, and consults as a matter of practice with requesting States before rejecting or

deferring requests (arts. 15 (4) and 18, rules of procedure of the Standing Committee on Requests for Legal Assistance).

3.3. Challenges in implementation

It is recommended that Saudi Arabia:

- Continue efforts to review the asset disclosure systems in line with international good practices; for example, the adoption of an electronic filing system could simplify verifications; the reviewers welcome steps being taken by Saudi Arabia to extend asset declaration requirements to a wider category of public officials and encourage the authorities to adopt disclosure and record-keeping requirements concerning foreign financial accounts (art. 52).
- Continue efforts to prepare a specific law on the establishment of a specialized office for the management, administration and preservation of property, as foreseen by Resolution No. 451 (2017) of the Council of Ministers, with a view to permitting competent authorities to preserve property for confiscation (art. 54).
- Consider specifying procedures for non-conviction-based forfeiture more clearly in the legislation (art. 54 (1) (c)).
- Building on existing judicial practice, consider including a reference in the asset recovery guide to the specific mechanisms and requirements of article 57 and monitor the application thereof in all asset recovery cases; further consider legislative clarification (art. 57).



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to the United Nations
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**Review of implementation of the United Nations
Convention against Corruption**

Executive summary

Note by the Secretariat

Addendum

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* CAC/COSP/IRG/2018/1/Add.1



II. Executive summary

Indonesia

1. Introduction: overview of the legal and institutional framework of Indonesia in the context of implementation of the United Nations Convention against Corruption

Indonesia signed the United Nations Convention against Corruption on 18 December 2003 and ratified it on 19 September 2006.

Indonesia was reviewed during the first year of the first cycle of the Mechanism for the Review of Implementation of the Convention (CAC/COSP/IRG/I/1/1/Add.4).

The main implementing legislation includes: Law No. 31 of 1999 on Eradication of the Criminal Act of Corruption, as amended; Prevention and Eradication of Money Laundering Criminal Act No. 8 of 2010 (Law on MLCA); Law No. 5 of 2014 on State Civil Apparatus (ASN); Law No. 8 of 1974 on Principles of Civil Service, as amended; Law No. 14 of 2008 on Public Information Disclosure; Law No. 28 of 1999 on State Administration that is Clean and Free from Corruption, Collusion and Nepotism; Regulation No. 54 of 2010 on Public Procurement of Goods and Services, as amended; and Law No. 1 of 2006 concerning Mutual Legal Assistance in Criminal Matters (MLA Law).

Institutions involved in preventing and countering corruption include: Corruption Eradication Commission (KPK); Attorney General's Office (AGO); judiciary; Ministry of Law and Human Rights; Ministry of Foreign Affairs; Ministry of Finance; Indonesian National Police; Supreme Audit Board (BPK); Finance and Development Supervisory Agency (BPKP); National Ombudsman Commission; Financial Intelligence Unit (PPATK); Financial Service Authority (OJK); Ministry of National Development Planning (Bappenas); Ministry of Administration and Bureaucratic Reform (AR&BR); Civil Service Commission (KASN); Public and Procurement Agency (LKPP) and Judicial Commission (KY).

2. Chapter II: preventive measures

2.1. Observations on the implementation of the articles under review

Preventive anti-corruption policies and practices; preventive anti-corruption body or bodies (arts. 5 and 6)

The National Strategy on Corruption Prevention and Eradication (Stranas PPK), adopted by Presidential Regulation No. 55 of 2012, contains targets, evaluation indicators, a road map for implementation, and a coordination mechanism.

The coordination mechanism for implementation is elaborated in Minister of National Development Planning's Regulation No. 1 of 2013. Monitoring and evaluation are carried out monthly under the coordination of Bappenas, the Ministry of Home Affairs and Provincial Inspectorates.

Evaluation results are submitted quarterly through an online monitoring system to Bappenas and compiled into an annual report. Based on those results, Bappenas may invite concerned ministries to explain any deviations from the targeted results. The report is presented annually by the Executive Office of the President, KPK and Bappenas to the President of the Republic. Bappenas uploads the report on its website, and civil society can provide input online or through other channels.

Activities under the action plans are prioritized in line with Presidential priorities in the government workplan. Potential corruption risks in priority areas are reviewed in accordance with Presidential Instructions, for strategic action to be taken by ministries and agencies.

Indonesia has assessed the effectiveness of the Strategy, including measurable achievements and progress in achieving its objectives. Revision is currently in the hands of the President of the Republic.

Several institutions, including KPK, Bappenas, the Ministry of AR&BR and the Central Statistics Agency, conduct assessments of the effectiveness of anti-corruption programmes.

The review and evaluation of legal instruments with a view to their harmonization is carried out by Bappenas in accordance with the National Strategy of Regulatory Reform of 2015 and National Medium Term Development Plan (RPJMN 2015–2019). Law No. 12 of 2011 on the Establishment of Laws and Regulations further sets out the right of individuals to comment on laws and regulations (art. 96).

KPK is in charge of coordination and supervision of authorized institutions in their anti-corruption activities, as well as conducting corruption prevention measures, including awareness-raising (art. 6, Law No. 30 of 2002 on KPK). Further, corruption prevention units are established in every government agency. KPK cooperates with BPKP to ensure coordination and supervision of corruption prevention programmes in provincial, district and local governments.

KPK, as an independent institution, is responsible to the public in performing its duties and submits reports openly and periodically to the President, Parliament (DPR) and BPK (art. 20, KPK Law). KPK publishes annual reports and audited financial reports. All KPK staff are subject to prohibitions aimed at avoiding conflicts of interest.

KPK receives public complaints related to corruption. The Ombudsman receives complaints regarding maladministration and public services. Several local governments also receive public complaints through their complaint handling units or via direct link with the head of local government.

Government Regulation No. 53 of 2010 on Civil Service Discipline provides for the obligation of civil servants, inter alia, to report promptly to the supervisor on any matters that could harm or prejudice the State or Government. Internal reports related to alleged corruption in Government can be submitted to the inspectorates general or compliance units in the respective institutions (Government Regulation No. 60 of 2008 on Government Internal Control System (SPIP)). Specialized internal reporting structures and supervisory units in each institution also receive corruption-related complaints.

Public sector: codes of conduct for public officials; measures relating to the judiciary and prosecution services (arts. 7, 8 and 11)

Law No. 5 of 2014 on ASN regulates the merit system (art. 1), basic principles of the ASN profession (art. 3), basic values (art. 4), intent and purpose of the code of ethics (art. 5), and the principle of freedom from intervention by any group or political party (art. 9).

KASN ensures that recruitment is on the basis of merit and that it operates transparently and in accordance with competencies and qualifications through open announcements and structured interviews. There is no specific procedure for the selection and training of individuals for public positions considered vulnerable to corruption or for their periodic rotation.

Law No. 7 of 2017 on General Election prescribes criteria concerning candidature for and election to public office. Asset declaration constitutes a requirement for nomination as a candidate for the office of president, vice president, and head and deputy head of local government. The Elections Commission publishes information on the candidates, process, and results of elections on its website.

Measures to enhance transparency in the funding of candidates for elected public office and political parties are contained primarily in Law No. 7 of 2017. The rules require the identification of funding sources, accounting, safekeeping, limitations on

contributed amounts, and reporting and audit. The Elections Supervisory Body (Bawaslu) conducts supervision on campaign funds.

Several laws and regulations promote integrity, honesty and responsibility among public officials, notably article 5 of Law No. 28 of 1999 and article 3 of Law No. 5 of 2014, which also contains the Code of Ethics and Code of Conduct of civil servants (art. 5). More specific codes of ethics and conduct are applicable in ministries, local government and other government agencies.

KASN has the authority to oversee, monitor and evaluate the implementation of policies and management of ASN, including the codes of ethics (art. 25, Law No. 5 of 2014).

However, challenges are reported in the receipt, management and coordination of complaints pertaining to public services, including breaches of codes of ethics. These include the absence of a public complaints management system and supervision in all agencies, as well as awareness-raising.

Regulation of the Ministry of AR&BR No. 37 of 2012 stipulates the General Guidelines for Handling Conflict of Interest, which are applicable to all ministries, agencies and regional governments. The Guidelines are followed up by government agencies by adoption of more detailed guidelines, although this is not implemented uniformly across agencies. The Guidelines specify a reporting obligation by state officials of potential conflicts of interest to their supervisor, with verification conducted by each institution. Monitoring is conducted by the Ministry in coordination with relevant institutions (sect. VIII, 3, Regulation No. 37). In addition, chapter 3 of Law No. 30/2014 on Government Administration obliges government employees to report potential conflicts of interest to their supervisors (art. 43(2)). Verification is done by each institution in coordination with KPK. Violations of the Conflict of Interest Guidelines are subject to the same administrative sanctions as violations of the codes of conduct, although there is no effective oversight of the imposition of sanctions by institutions.

Civil servants are obliged to report gifts and benefits to KPK (Law No. 30 of 2002, art. 16), unless the conditions or context of receipt are exempt (KPK Circular No. B1341/01-13/03/2017). While government officials are precluded under Law No. 20 of 2001 from accepting any gratification related to their position and contrary to their functions, there are different thresholds established in the implementing regulations. KPK has issued Guidelines on Gratification Control in June 2015 and Guidelines on Conflict of Interest Handling in 2009 to facilitate graft control and handle conflict of interest.

Based on Supreme Court Regulation No. 6 of 2016, the selection process of judge candidates is conducted transparently to the public. Every judge candidate must attend training on the code of ethics and judicial code of conduct. KY can monitor the behaviour of judges, including Supreme Court judge candidates (Law No. 18 of 2011 on KY).

Law No. 48 of 2009 on Judicial Power regulates the integrity of judges and requires adherence with the code of ethics and judicial code of conduct. In the event of any breach of the code of ethics, administrative sanctions can be imposed ranging from oral reprimands to dishonourable discharge. Judges' conflicts of interest are regulated in article 17 of Law No. 48 and several regulations. Internal and external oversight over the conduct of judges are conducted by the Supreme Court Monitoring Unit and Judicial Commission (KY), respectively.

Prosecutors' conflicts of interest are regulated in Law No. 16 of 2004 on the Public Prosecution Service. In addition, the code of conduct of prosecutors is regulated in Attorney General Regulation 014/A/JA/11/2012 about the Behavior of the Prosecutor. In case of violations, administrative sanctions are imposed.

Based on Attorney General Regulation No. PER-064/A/JA/07/2007 on recruitment of Civil Servants and Candidates for Prosecutors of AGO, the selection process of

candidates for prosecutors shall be open to the public through announcements. Prosecutors are public officials and must disclose their assets to KPK (Law No. 28 of 1999).

All court hearings are open to the public, except matters involving sexual offences or related to minors (art. 153(3), Criminal Procedure Code (CPC)). The public can access court decisions online and can follow court proceedings through the Case Tracking System (SIPP).

Public procurement and management of public finances (art. 9)

Public procurement is regulated in several instruments, notably Presidential Regulation 54 of 2010 on Public Procurement of Goods and Services, as amended.

The Regulation does not have the status of law with clear legal superiority over other existing rules and does not allow for the imposition of criminal sanctions. Separate procurement rules govern procurement of construction services and procurement by some State-owned enterprises.

The principles of transparency, competition and objective criteria in decision-making form the foundation of Presidential Regulation 54/2010 (Chap. II, art. 5). In principle, the government procurement of goods and services should use the public tender method. However, in practice direct procurement and direct appointment are used more frequently.

Tenders must be advertised on the website of the procuring institutions, on the official notice board for the public, and via the Electronic Procurement System LPSE (art. 25(3), Presidential Regulation 54/2010). In addition, procuring entities must publish all evaluation criteria in the notice of procurement (art. 48, Presidential Regulation 54/2010). All regulations concerning public procurement are accessible online and procuring entities are obliged to publish the outcome of tenders, including the successful bidders.

Supervision and audit are performed internally by procuring institutions (art. 116, Presidential Regulation 54/2010). There are no mandatory or periodic external audits. While BPK is authorized to conduct audits of state financial management, its focus is purely financial and does not include the procurement process itself or the outcome.

Bidders may file an objection to the head of the procuring agency in case of any deviation from the procurement procedures (art. 82). However, the Regulation does not spell out the procedure to be followed in reviewing complaints or sanctions for violations. While LKPP can be heard during the appeal process at the request of the head of agency, the final decision rests with the procuring entity. Any person may file a complaint to the internal government auditor (APIP) or to LKPP on indications of any procedural irregularities, corruption, collusion, nepotism, or violation of fair competition. LKPP maintains a blacklist of tenderers, including those related to corruption.

There are no specific conflict of interest requirements for procurement personnel.

The process of budget preparation is regulated by the 1945 Constitution (art. 23(2)) and Law No. 17 of 2003 on State Finance (arts. 11–15). Local government budget preparation is regulated in articles 16 to 20, Law 17/2003.

According to Law No. 14 of 2008, public agencies shall provide information on their project workplan, annual expenditure estimates (art. 11) and financial statements (art. 9). The rules on central and local government financial reporting are stipulated in articles 55–56 of Law No. 1 of 2004 on State Treasury.

BPKP functions as the Government internal auditor under SPIP. The general responsibility for internal controls is exercised by the inspectorates general, provincial inspectorates and district/city inspectorates that perform internal supervision of all government activities funded by the state, provincial, district or city budgets.

The 1945 Constitution, article 23E, provides that the audit of state financial management and accountability shall be carried out by BPK. Audited financial statements are submitted by the President to the House of Representatives no later than 6 months after the fiscal year ends (art. 30(1), Law 17/2003). After deliberation by the government and parliament, the Law on Accountability of State Budget Execution is issued and published in the state gazette and online.

Accounting standards used by the Government are regulated in Law 1/2004. A central government accounting system (SAPP) ensures transparency and accountability in government financial statements.

Pursuant to Law No. 15 of 2004 on Audit of State Financial Management and Accountability, audit reports are submitted by BPK to the Houses of Representatives and are open to the public (arts. 17 and 19). Pursuant to article 20, State financial management officials must provide explanations to BPK on the follow-up to audit recommendations within 60 days. BPK periodically monitors the follow-up to audit recommendations and submits its monitoring results to the houses of representatives and responsible parties. There is no procedure for parliament to systematically follow up on the results of audit monitoring. However, corrective measures in the form of administrative or criminal sanctions may be taken to address violations of financial reporting, accounting and auditing procedures, or in follow-up to audit reports.

Training and accreditation requirements for external and internal auditors are in place. However, reported challenges in professional education and certification affect auditor capacity and the quality of audits in line ministries and local government inspectorates, with little focus on risk-based audit.

Public reporting, participation of society (arts. 10 and 13)

Law No. 14 of 2008 states the right of the public to obtain information and enhance its active participation in State administration and in public decision-making processes. The law requires agencies to appoint public information officers (art. 13). However, this has not been fully implemented. Public agencies are obliged to provide at all times a list of all public information under their control. In addition, the Central Information Commission (KIP) regularly organizes dissemination, advocacy and education sessions on public information disclosure. A mechanism to appeal the denial of requests for information is established.

Indonesia has made a commitment to delivering transparent and accountable administration under the Open Government Action Plan.

Presidential Regulation No. 97 of 2014 mandates central and local governments to implement integrated one-stop services (PTSP) for licensing and non-licensing services.

Presidential Regulation No. 87 of 2014 stipulates the dissemination of laws, draft laws and legislation priorities (*prolegnas*) by Parliament and Government, with a view to providing information and obtaining public or stakeholder input (art. 170).

Private sector (art. 12)

Indonesia has adopted non-binding initiatives aiming to prevent corruption in the private sector. As a measure to enforce the guidelines, Indonesia issued OJK Regulation No. 21/POJK.04/2015 on Corporate Governance Guideline for Public Companies.

The International Standards on Auditing were adopted as the Public Accountant Professional Standards of Indonesia in 2012.

Publicly listed companies are required to implement the principle of full disclosure in their financial statements (OJK Regulation No. 21/POJK.04/2015). However, there is no law or regulation requiring the full disclosure or fair presentation of financial statements by private sector entities other than publicly listed companies, as foreseen under article 12, paragraph 3, of the Convention. The intentional destruction of

bookkeeping documents earlier than foreseen by the law is stipulated in Law No. 8 of 1997 regarding company documents.

Indonesia does not impose restrictions on the employment of former public officials by the private sector.

There is currently no law criminalizing bribery in the private sector.

KPK can investigate corruption in the private sector if there is a link to the public sector (art. 11, Law No. 20/2001). Legal persons registration and administration is carried out through the Legal Entity Administration System "SABH", which is publicly accessible. The prevention of the misuse of subsidies is ensured through various means, including PTSP and electronic licensing.

Indonesian law does not explicitly stipulate the prohibition of including bribes as tax-deductible expenses.

Measures to prevent money-laundering (art. 14)

The anti-money-laundering (AML) legal regime consists notably of the Law on MLCA, OJK Law No. 21 of 2011, and relevant regulations and circulars of PPATK, OJK and the Bank of Indonesia (BI).

"Know Your Customer" (KYC) standards are required for all financial and non-financial institutions (FSIs) as well as goods and service providers (DNFBPs) (art. 17–18, Law on MLCA; art. 3, Government Regulation No. 43 of 2015), including money remitters (arts. 41–46, BI R.19/10/PBI/2017).

Each supervisory and regulatory agency (LPP) supervises the compliance of reporting parties with KYC principles (art. 18(4), Law on MLCA) and the reporting obligation of suspicious transactions (art. 31(1), Law on MLCA). Such supervisory function is conducted by PPATK in the event that the dedicated LPP is not available or determined (arts. 18(6) and 31(2), Law on MLCA). OJK holds the role as LPP for FSIs.

Supervision is also conducted through a special audit scheme by PPATK (art. 43(c), Law on MLCA). Furthermore, with a view to avoid overlapping in its implementation, OJK and PPATK conduct monitoring coordination meetings on a regular basis to exchange information on the compliance of the reporting parties.

According to article 23 of Law on MLCA, each reporting party shall report suspicious financial transactions to PPATK. This includes financial institutions, non-bank financial institutions and DNFBPs (art. 3, Government Regulation No. 43 of 2015).

The imposition of sanctions is the authority of each relevant LPP or PPATK, when the LPP is not established (arts. 1(11) and 30(2), Law on MLCA).

Steps towards incorporating a risk-based approach in the AML/CFT framework and adopting risk-mitigating policies are being taken.

Indonesia has established a National Coordination Committee for the Prevention and Eradication of MLCA. Internationally, PPATK cooperates through various multilateral forums, such as the Financial Action Task Force, the Asia-Pacific Economic Cooperation, the International Criminal Police Organization (INTERPOL) and the International Organization of Securities Commissions, and has signed 52 memorandums of understanding with its counterparts. OJK has signed 22 cooperation agreements with foreign authorities whose scope of cooperation includes cross-border supervision and information exchange.

Chapter V of the Law on MLAC establishes a cross-border declaration legal framework of cash and negotiable instruments. Failure to declare or misreporting is punishable under articles 34 and 35. However, enhanced scrutiny in case of incomplete information on the transaction's originator is not required.

As a member of the Asia/Pacific Group on Money Laundering (APG), Indonesia completed a national risk assessment in 2015. The second mutual evaluation review is ongoing.

2.2. Successes and good practices

- The framework for public participation in monitoring anti-corruption actions of government. Further, Indonesia uses a variety of measurements to map out corruption and anti-corruption efforts (art. 5).
- The international and regional cooperation efforts of Indonesian institutions (art. 5(4)).
- The Integrity Pact in Government Procurement and Indonesia's electronic procurement system (art. 9(1)).

2.3. Challenges in implementation

It is recommended that Indonesia:

- Continue efforts to strengthen the capacity of authorities to prevent and eradicate corruption at all domestic levels, in particular at the provincial, district and local levels; accelerate the amendment of the National Strategy on Corruption Prevention and Eradication for more structured coordination and more integrated prevention programmes; strengthen coordination among all relevant authorities for the development, implementation and supervision of corruption prevention programmes; promote anti-corruption awareness-raising; continue efforts to adopt a more structured approach towards KPK prevention work (arts. 5(2) and 6(1))
- Ensure the independence of anti-corruption bodies to carry out their functions effectively and free from undue influence, by considering adoption of the Jakarta Statement on Principles for Anti-Corruption Agencies, including full support to the necessary material resources and specialized staff (art. 6(2))
- Consider adopting additional measures for the selection and training of individuals for public positions deemed vulnerable to corruption and their rotation, where appropriate (art. 7(1))
- Continue efforts towards the full implementation of the rules on conflicts of interest (AR&BR Regulation No. 37 of 2012) and gratification control (Law No. 20/2001), to further the prevention, detection, enforcement and administrative sanctioning of conflicts of interest, and consider strengthening oversight of the enforcement of conflict of interest rules by institutions (arts. 7(4) and 8(5))
- Continue efforts to address challenges in the receipt, management and coordination of complaints pertaining to public services, including breaches of codes of ethics, and consider adopting an integrated system of public complaints management and supervision in all agencies, as well as raising awareness of relevant reporting mechanisms (art. 8(6))
- Take steps towards enacting a comprehensive law on public procurement with clear provisions regulating the complaint handling procedure (including an appeals mechanism to an independent body) and sanctions for violations. Consider establishing a system for procuring entities to report to a relevant authority, such as LKPP, on the results of their internal supervision and audits, and consider establishing mandatory or periodic external audits of public procurements. Continue to ensure the consistent application of open tenders as the norm for regular public procurements. Consider strengthening integrity measures for procurement personnel (art. 9(1))
- Consider strengthening the risk-management system in the area of public financial management. Enhance professional education of internal and external

auditors, with a focus on risk-based audits (including fraud risks). Ensure corrective action is taken to address violations of financial reporting, accounting and auditing procedures, or in follow-up to audit reports (art. 9(2))

- Continue to strengthen the application of integrity measures in justice institutions such as the courts and prosecution, and address remaining recommendations from the first cycle review of Indonesia, in particular regarding investigative and prosecution functions of KPK, AGO and police (art. 11)
- Strengthen measures to prevent corruption in the private sector, including: (a) consider criminalizing bribery in the private sector, reinforcing cooperation between the private sector and law enforcement agencies, and providing, where appropriate, sanctions in case of non-compliance; (b) continuing efforts to promote transparency of legal persons and arrangements; (c) consider restricting for a reasonable period of time the employment of former public officials by the private sector; and (d) consider further developing anti-corruption guidelines for the private sector in the light of international best practices (art. 12(1))
- Improve legislation on company financial reports in line with article 12(3) and enhance the transparency of the private sector in line with international standards, including disclosure requirements, reporting and monitoring mechanisms, and accounting standards (art. 12(3))
- Legislatively clarify the non-deductibility of expenses that constitute bribes or are incurred in furtherance of corrupt conduct (art. 12(4))
- Continue efforts towards full implementation of Law No. 14 of 2008, including to ensure that all public agencies are endowed with public information officers (art. 13(1)(b))
- Continue efforts to implement the risk-based approach, including to address threats and vulnerabilities identified in the national risk assessment. Consider improving the regulatory framework on beneficial ownership transparency and accelerate its implementation (arts. 14 and 52)
- Consider adopting measures to comply with art. 14(3)(c).

2.4. Technical assistance needs identified to improve implementation of the Convention

- Capacity-building on innovative approaches and new technologies to prevent and combat corruption, including development of gratification and asset declaration reporting systems (art. 5)
- Capacity and institution-building in conflicts of interest management (art. 7)
- Capacity-building in managing public complaints and coordinating responses, as well as code of conduct training (art. 8)
- Capacity-building, including training and certification for fraud examiners, forensic auditors, risk management and internal control, and comparative study/benchmarking on fraud prevention strategies (art. 9)
- Capacity-building on judicial integrity and transparency (art. 11)
- Capacity-building on typologies of corruption in the private sector (art. 12)

3. Chapter V: Asset recovery

3.1. Observations on the implementation of the articles under review

General provision; special cooperation; bilateral and multilateral agreements and arrangements (arts. 51, 56 and 59)

Confiscation and asset recovery requests are executed on the basis of bilateral and multilateral treaties, including this Convention. In the absence of such agreements, requests may be conveyed directly to the Minister of Law and Human Rights.

PPATK spontaneously transmits information on money-laundering offences to its foreign counterparts (art. 90(2), MLA Law), either directly or through relevant networks, such as INTERPOL and the Egmont Secure Web.

Indonesia is party to five multilateral agreements containing relevant asset recovery provisions and has ratified six bilateral MLA agreements.

Prevention and detection of transfers of proceeds of crime; financial intelligence unit (arts. 52 and 58)

Customer due diligence requirements for financial and non-financial institutions are listed in articles 17 and 18 of the Law on MLCA, articles 2 and 3 of Government Regulation No. 43 of 2015, and article 15 of Regulation No. 12/POJK.01/2017 concerning the implementation of programmes in the financial services sector for the countering of money-laundering and the prevention of terrorist financing (POJK APU-PPT).

The obligation for financial institutions to identify and verify beneficial owners is set forth in articles 27 to 29 of POJK APU-PPT and relevant regulations of the reporting parties (e.g., arts. 22 and 23, POJK APU-PPT; and art. 5, Ministerial Decree No. 55/PMK.01/2017 related to public and other accountants). Presidential Regulation No. 13 of 2018 on Beneficial Ownership obliges notaries and legal persons to include information on beneficial ownership in the registration process.

Politically exposed persons, family members and related parties are subject to enhanced due diligence (EDD) (arts. 1(26) and 30(f), POJK APU-PPT).

Financial institutions are required to adopt and implement a risk-based approach (RBA), involving EDD of high-risk persons, accounts and transactions as well as account opening and maintenance procedures (arts. 2–5 and 30, POJK APU-PPT); record-keeping is addressed in article 56. EDD requirements are also found in BI circular letters for commercial and sharia banks. OJK conducts AML/CFT training of monitored institutions.

POJK APU-PPT (art. 36) foresees a mechanism for updating the database of persons subjected to EDD based on lists of the Financial Action Task Force.

Article 7 of BI Regulation No. 11/1/PBI/2009 on Commercial Banks obliges banks to establish a registered domicile. POJK APU-PPT further prohibits financial services providers from establishing business relations with “shell banks”, including through cross-border correspondent banking (arts. 42 and 50, POJK APU-PPT).

State administrators are obliged to report their assets and sources of income (Law No. 28 of 1999, Law No. 30 of 2002, and KPK Regulation No. 7 of 2016 on the Procedure for Registration, Audit and Publication of State Administrator Property Reports). High-ranking officials report to KPK, while civil servants report to their respective heads of agencies. Financial disclosures, which cover overseas assets, are publicly available in summary form as supplements to the State Gazette (arts. 2 and 5, Law No. 28 of 1999). Violations of such provisions are punishable pursuant to article 20 of the same law.

Indonesia is a member of APG, the Egmont Group, and the Asset Recovery Inter-agency Network for Asia and the Pacific, and an observer in the Camden Asset Recovery Interagency Network.

Measures for direct recovery of property; mechanisms for recovery of property through international cooperation in confiscation; international cooperation for purposes of confiscation (arts. 53, 54 and 55)

Indonesian legislation does not specify recovery mechanisms for States to establish title or ownership of property, or be awarded compensation or damages for injuries, through domestic proceedings. The general principle of civil liability (art. 1365, Civil Code) obliges defendants causing damage to pay compensation, and the procedure for submission of claims is contained in article 118 of the Revised Code. Furthermore, article 98 of the CPC allows for joining of civil claims to criminal proceedings.

In order to enforce a foreign confiscation order, a domestic procedure to seize and confiscate assets must be initiated (arts. 51 and 52, MLA Law). The requirements for submitting requests are addressed in articles 28, 51 and 52 of the MLA Law.

There is no legislation on non-conviction-based confiscation.

Foreign orders for search and seizure are also not directly enforceable, but must first be submitted to the courts for execution (art. 41, MLA Law).

Because of limited capacity of the office of State Detention and Storage of State Treasuries, seized assets are managed by several agencies depending on the stage of the criminal proceeding. The police manage seized assets that are being investigated and prosecutors manage seized assets in cases being prosecuted.

Return and disposal of assets (art. 57)

Indonesia does not have specific domestic provisions providing for the return of assets as prescribed under article 57, including for offences under the Convention.

According to article 55 of the MLA Law, expenses incurred in the implementation of requests for assistance shall be charged to the requesting State.

3.2. Successes and good practices

- The use of several networks and instruments to facilitate international cooperation in asset recovery (art. 59)

3.3. Challenges in implementation

It is recommended that Indonesia:

- Specify in the law the recovery mechanisms for States to establish title or ownership of property, or be awarded compensation or damages for injuries, through domestic proceedings (art. 53(a) to (c))
- Develop relevant measures as may be necessary to permit competent authorities to give effect to a confiscation order issued by a foreign court (art. 54(1)(a))
- Consider adopting measures allowing for non-conviction-based confiscation (art. 54(1)(c))
- Take measures to permit competent authorities to freeze or seize property upon a freezing or seizure order and upon a request issued by a foreign court or competent authority (art. 54(2)(a) and (b))
- Strengthen mechanisms for the preservation of property pending confiscation, including through the establishment of an adequately resourced central asset management office, and consider adopting comprehensive asset management guidelines (art. 54(2)(c)). Consider establishing a specific body that is authorized to manage seized and/or confiscated assets, including the supervision role (art. 54)
- Amend the MLA Law to provide for the return of proceeds in accordance with all provisions of article 57, in particular in cases of embezzlement of public

funds or of laundering of embezzled public funds, and review relevant treaties in this regard (art. 57)

- Regulate the costs of MLA in line with articles 46(28) and 57(4) of the Convention. Review existing asset sharing agreements in the light of chapter V of the Convention (art. 57).

3.4. Technical assistance needs identified to improve implementation of the Convention

- Best practices in managing assets pending confiscation (art. 54)
- Capacity-building on cross-border asset tracing and recovery (art. 54)
- Capacity-building on money-laundering investigation and prosecution (art. 52)
- Capacity-building in opening and channelling communication with requested States to facilitate the making of MLA requests (art. 57)



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II. Executive summary

Sri Lanka

1. Introduction: overview of the legal and institutional framework of Sri Lanka in the context of implementation of the United Nations Convention against Corruption

Sri Lanka signed the Convention on 15 March 2004 and ratified it on 31 March 2004. The Convention entered into force for Sri Lanka on 14 December 2005.

The country's implementation of chapters III and IV of the Convention was reviewed during the third year of the first cycle (CAC/COSP/IRG/II/3/1/Add.20).

Sri Lanka has a mixed legal system of Roman Dutch civil law and English common law, and applies the dualist system for the implementation of international treaties. The nineteenth amendment to the Constitution, of May 2015, provides for the establishment of the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) and empowers it to implement the Convention, thus giving the treaty constitutional recognition.

Sri Lanka is a member of the Asia/Pacific Group on Money Laundering (APG) and the Egmont Group of Financial Intelligence Units.

The most important institutions in the fight against corruption are CIABOC, the Financial Crimes Investigation Division of the Sri Lanka Police, the Attorney General's Department, Financial Intelligence Unit of Sri Lanka, the Public Service Commission, the National Procurement Commission, the Auditor General and the Special Presidential Task Force for Recovery of Illegally Acquired State Assets.

2. Chapter II: preventive measures

2.1. Observations on the implementation of the articles under review

Preventive anti-corruption policies and practices; preventive anti-corruption body or bodies (arts. 5 and 6)

What Sri Lanka has adopted is not a single anti-corruption strategy, but consists of several significant steps and measures to prevent corruption. The directive principles of State policy and fundamental duties stated in chapter VI of the Constitution contain a call for integrity and the prevention of corruption in government. The 2007 national anti-corruption action plan includes measurable and time-bound actions; however, it has never been systematically implemented or updated. In 2015, CIABOC adopted an anti-corruption strategy entitled "Seven steps to zero tolerance" to guide its work in the areas of enforcement and prevention, together with a three-year implementation plan. The CIABOC strategy provides for the nomination of integrity officers in public institutions, increased transparency of public services and strengthened partnership with civil society. Its implementation is still ongoing, in particular with regard to strengthening the prevention functions of CIABOC. The strategy has been incorporated into the 2015–2017 national action plan for the Open Government Partnership. At the time of the review, efforts were under way to adopt a comprehensive national anti-corruption strategy.

CIABOC, as the main anti-corruption body and designated authority under article 6, paragraph 3, of the Convention, is headed by three commissioners and a director general. The commissioners are appointed by the President upon recommendation of the Constitutional Council for a non-renewable five-year period, and can be removed only with Parliament's approval. The appointment, tenure and removal of the director general are solely in the hands of the President and no rules are in place regarding disciplinary matters; however, the appointment is made in consultation with the commissioners and any presidential decision can be subject to subsequent judicial review (art. 126 of the Constitution). The independence of CIABOC is enshrined in

the nineteenth amendment to the Constitution and the provisions on appointment, tenure and removal of CIABOC commissioners (sect. 2, CIABOC Act).

Among other work, CIABOC operates a reporting mechanism for citizens and organizes ad hoc training and awareness-raising activities. With a view to adopting a more structured approach to corruption prevention, CIABOC has taken steps towards the establishment of a dedicated prevention unit.

The Law Commission of the Ministry of Justice periodically reviews the country's laws, and, to date, has proposed several amendments to the Bribery Act, the Prevention of Money-Laundering Act and the Mutual Assistance in Criminal Matters Act. In addition, CIABOC and relevant ministries and institutions have initiated legislative amendments to the Declaration of Assets and Liabilities Act, the CIABOC Act, the Commission of Inquires Act, the Judicature Act, the Mutual Assistance in Criminal Matters Act and the Right to Information Act.

Sri Lanka participates in several regional and international fora, including the Anti-Corruption Initiative for Asia and the Pacific of the Asian Development Bank and the Organization for Economic Cooperation and Development, and the South Asian Association for Regional Cooperation. Sri Lanka is a member of the Commonwealth, the International Criminal Police Organization (INTERPOL), the Open Government Partnership, the Forum of Election Management Bodies of South Asia, and the Asset Recovery Inter Agency Network for Asia and the Pacific.

Public sector; codes of conduct for public officials; measures relating to the judiciary and prosecution services (arts. 7, 8 and 11)

The appointment, transfer, disciplinary control and dismissal of public officials falls within the purview of the Public Service Commission (Constitution, arts. 54 and 55) and can be further delegated to designated public officials or committees (Constitution, arts. 56 and 57).

The Procedural Rules on the Appointment, Promotion and Transfer of Public Officers and the Establishments Code set out rules for recruitment, appointment, remuneration, promotion, termination, resignation, and general duties and rights of public officials. Vacancy announcements are published in the Gazette of the Democratic Socialist Republic of Sri Lanka, newspapers and on the Internet. The selection of candidates is based on written exams and interviews. All appointments are made in accordance with service minutes and schemes of recruitment developed for each post by Government departments and approved by the Public Service Commission (chap. IV of the Procedural Rules, chap. II of the Establishments Code). On appointment, public officials take an oath of office (sect. 85 of the Procedural Rules). A system of rotation of public officials is in place (chap. XVIII of the Procedural Rules). Complaints regarding the recruitment process, disciplinary action or any other grievances may be lodged with the Public Service Commission or the Administrative Appeals Tribunal (arts. 58 and 59 of the Constitution, chap. XX of the Procedural Rules), subject to judicial review under articles 138 and 126 of the Constitution.

The Establishments Code sets out rules relating to public officials' conduct and discipline (chaps. 47 and 48). Public officials may not accept secondary employment, but derogations may be granted by way of exception (chap. 30). No cooling-off period is in place for public officials moving to the private sector. While the Code requires public officials to avoid conflicts of interest (chaps. 29 and 30), it does not comprehensively outline obligations and procedures in that regard. Gifts are generally prohibited, but courtesy gifts of a value less than LKR 5,000 (about USD 30) may be permissible if reported to the Secretary of the Ministry of Foreign Affairs (chap. 47). Chapter 48 regulates disciplinary procedures and sets out sanctions for non-compliance with the Code, which include reprimands, disciplinary transfers, reductions in rank or salary, and dismissal. Sri Lanka does not define any public positions as particularly vulnerable to corruption.

No specific duty to report corruption exists for public officials. Although officials can use the CIABOC reporting mechanism, they are often reluctant to do so for fear that that would conflict with their confidentiality obligations.

Members of Parliament, judges, public officials of Government departments, ministries, and local authorities, chairpersons and staff of public corporations, candidates for elected public office and elected officials are required to declare their assets and liabilities and those of their family members (Declaration of Assets and Liabilities Act, sects. 2 and 3). Declarations must be submitted within three months after appointment and annually thereafter (sect. 3 of the Act, art. 87 of the Procedural Rules). Failure to declare, and any false statements or omissions, result in prosecution or disciplinary action (sect. 9 of the Act, chap. 29 of the Establishments Code). Declarations are entrusted to the heads of the respective offices for safekeeping and may be requested by an investigative body for inspection. No formal monitoring or verification system is in place. CIABOC has proposed several amendments to the Declaration of Assets and Liabilities Act to address its existing limitations. Declarations are available to the public for a fee (sect. 5, subject. 3, of the Act).

General criteria concerning candidature for and election to public office are stipulated in the Constitution (chap. XIV). Detailed criteria are set out in special legislation such as the Presidential Elections Act, the Parliamentary Elections Act, the Provincial Elections Act, the Referendum Act and the Local Authorities Elections Ordinance. While office holders of recognized political parties and candidates nominated for elections must declare their assets (sects. 2-4 of the Act), non-compliance is not a hindrance to election. A public official who seeks election as a member of Parliament must resign from public service (chaps. 32 and 47 of the Establishments Code).

No law is in place regarding funding of candidates for elected public office or of political parties, and discussions on the adoption of such legislation are under way. The Parliamentary Elections Act provides for public subsidies of recognized political parties for general elections (sect. 127).

Independence of the judiciary is guaranteed in the Constitution (chap. XV) and interference with the judiciary is a punishable offence (art. 111C). Judges of the Supreme Court and the Court of Appeal are appointed by the President subject to the approval of the Constitutional Council and can only be removed by order of the President with the support of the majority of the Parliament on grounds of proved misconduct or incapacity (art. 107). However, only serious violations may trigger impeachment and ordinary, less serious disciplinary violations are not subject to any disciplinary action and sanctions. A proposed amendment to the Constitution would introduce a new procedure to address non-impeachable misconduct. Judges of the High Court are appointed by the President on the recommendation of the Judicial Service Commission (art. 111). The Judicial Service Commission is vested with authority over the appointment, transfer, dismissal and disciplinary control of judges in the High Court and lower courts and scheduled public officials (art. 111H). The Judicial Service Commission Rules and the Commission's circulars, the Establishments Code, the Supreme Court Rules and the Court of Appeal Rules govern the conduct of judges. Sri Lanka is in the process of developing a comprehensive judicial code of conduct. The Judicial Service Commission, through the Judges Institute, provides training to judges aimed at strengthening their integrity.

The Attorney General is appointed by the President, subject to the approval of the Constitutional Council. In line with the Removal of Officers (Procedure) Act, the Attorney General can only be removed by Parliament on specific grounds after inquiry. Prosecutors are considered public officials and therefore must comply with the Establishments Code, the Procedural Rules and the rules of conduct and etiquette governing all attorneys as regulated by the Supreme Court. Disciplinary matters concerning officers of the Attorney General's Department are handled by the Public Service Commission.

Public procurement and management of public finances (art. 9)

Sri Lanka applies a decentralized procurement system, where the responsibility of procurement actions is vested with secretaries of respective line ministries. The National Procurement Commission formulates procurement procedures and guidelines and monitors their implementation (chap. XIXB of the Constitution). All government procurement must be carried out in line with the *Procurement Guidelines 2006: Goods and Works*, which set out various procurement methods (chap. 3), procurement preparedness and planning rules (chap. 4), bidding procedures (chaps. 5–7) and rules for awarding contracts (chap. 8), as well as with the *Guide to Project Management and Contract Management for Infrastructure Development Projects (Works)* of 2017. In addition, the *Procurement Manual* of 2006 provides detailed rules on various aspects of public procurement. Complaints can be lodged with the National Procurement Commission, the Procurement Appeals Board or the Supreme Court. At the time of the review, both the *Guidelines* and the *Manual* were being revised by the Commission to fully comply with international standards. The Commission, the Sri Lanka Institute of Development Administration and the Miloda Academy of Financial Studies provide training to procurement officials.

Chapter XVII of the Constitution deals with the management of public finances, including the adoption of the national budget. While Parliament has full control over public finances (art. 148 of the Constitution), the Department of National Budget of the Ministry of Finance formulates the national budget, including preparing budget estimates and a three-year budgetary framework. It also monitors budgetary expenditure, including allocation of financial resources for public programmes and projects, assisting the implementation of the national budget and monitoring the implementation of budgetary provisions. The Fiscal Management (Responsibility) Act regulates the reporting on revenue and expenditure by public bodies and requires the Ministry of Finance to prepare regular budget position reports (sects. 10–15). The Audit Service Commission, consisting of the Auditor General and four other members, overlooks the compliance by public authorities with the Accounting and Auditing Standards Act. The Financial Regulations and the Treasury Circulars issued by the Ministry of Finance lay out the rules regarding the preservation of accounting books, financial statements and public records. Ministries, departments institutional bodies, non-revenue-earning statutory bodies and public enterprises are required to report in accordance with these regulations and are audited by the Auditor General. Forgery or falsification of public accounts is a criminal offence (sects. 452 and 453 of the Penal Code; sect. 5, subsect. 2 of the Offences against Public Property Act).

Public reporting: participation of society (arts. 10 and 13)

The Constitution guarantees the right of access to information (art. 14A). Any violations can be reported to the Ombudsman and the Human Rights Commission.

In 2017, following consultations with the civil society lasting several years, Sri Lanka adopted the Right to Information Act to comprehensively regulate access to information. The Act came into force on 4 February 2017, but its provisions were not fully implemented at the time of the review. Among other things, the Act describes procedures for obtaining information (sects. 24–30), grounds for denial of access (sects. 5 and 35) and duties of public bodies to maintain records (sect. 7). It also requires public authorities to appoint dedicated information officers and appeal officers (sects. 23 and 31). The Right to Information Commission monitors public bodies' compliance, issues guidelines and serves as a second instance body for appeals (sects. 14, 15, and 31–34).

Most government departments maintain their own websites, and Sri Lanka aims to build an e-government system to provide public services electronically. CIABOC is in the process of developing citizens' charters for local government and public administration to provide citizens with detailed information on existing public services, including their costs and the time frames for their execution.

Anyone can report corruption incidents to CIABOC in person, through the general post, through a dedicated hotline and by email. The CIABOC Act provides immunity from civil and criminal liability to such persons (sect. 9). The Assistance to and Protection of Victims of Crime and Witnesses Act further provides for the protection of reporting persons against any form of harassment at work.

CIABOC cooperates with civil society through various activities. Civil society has been consulted in drafting laws as a matter of practice, as was the case with the Declaration of Assets and Liabilities Act, the Audit Act and the Right to Information Act.

CIABOC works with the Ministry of Education and the National Institute of Education to incorporate the fight against corruption into school curricula, and is developing regulations to curb corruption in school administrations, as well as creative competitions and school integrity clubs.

Private sector (art. 12)

Measures pertaining to record-keeping, preparation of financial statements, accounting and auditing in the private sector are prescribed in the Accounting and Auditing Standards Act, the Companies Act, the Securities and Exchange Commission Act, the Monetary Law Act, the Banking Act, the Insurance Act and the Finance Companies Act.

The Accounting and Auditing Standards Act is applicable to "specified business enterprises" (sect. 5 and the schedule of the Act), which currently comprise 1,410 enterprises, including private companies and banks. Business enterprises are required to audit their accounts (sect. 6) and non-compliance is punishable (sects. 6, 7 and 27). The Institute of Chartered Accountants of Sri Lanka has adopted the Accounting and Auditing Standards in accordance with the Accounting and Auditing Standards Act (sects. 2 and 3) and to comply with international standards. The Accounting and Auditing Standards Monitoring Board monitors compliance with the Act and the Standards and refers suspected cases of corruption to law enforcement authorities. The Accounting Standards Committee and the Auditing Standards Committee make recommendations relating to the Standards (sects. 8 and 9).

All companies formed under the Companies Act are obliged to keep correct accounting records (sect. 148), prepare financial statements (sects. 150–153) and appoint an auditor (sects. 154–160). Company records are to be kept available for public inspection (sect. 120). Measures and penalties for non-compliance are set out in part XXI.

Under to the Accounting and Auditing Standards Act, audits of specified business enterprises must be carried out by members of the Institute of Chartered Accountants. In line with the Companies Act, audits of other entities can be carried out by auditors registered with the Company Registrar.

In order to promote the use of good commercial practices, the Institute of Chartered Accountants, the Chamber of Commerce and other associations conduct annual competitions on corporate reporting and corporate best practices. Codes of corporate governance have been adopted for licensed banks and finance companies.

No special whistle-blowing mechanism exists for the private sector.

Tax deductibility of expenses that constitute bribes is prohibited (sects. 10–19 of the Inland Revenue Act, No. 24 of 2017).

Measures to prevent money-laundering (art. 14)

As a member of the APG, Sri Lanka is bound by the Financial Action Task Force recommendations and subject to its evaluations.

The domestic legal regime against money-laundering includes the Prevention of Money-Laundering Act, the Financial Transactions Reporting Act and the Convention on the Suppression of Terrorist Financing Act. Offences under the Bribery Act and

other corruption-related offences under the Penal Code are considered predicate offences for the purposes of the Prevention of Money-Laundering Act and the Financial Transactions Reporting Act (see the definition of the term "unlawful activity" in those two acts). Therefore, money obtained through corruption comes within the ambit of the Financial Intelligence Unit.

All institutions carrying out finance business or designated non-finance business, as defined in section 33 of the Financial Transactions Reporting Act, are required to comply with that Act, including its provisions regarding verification of customers' identity, maintenance of records and due diligence. Those institutions are required to file suspicious transaction reports with the Financial Intelligence Unit in accordance with the Act. The Financial Intelligence Unit supervises institutions' compliance with the Act, including through on-site inspections, imposes administrative penalties, issues directives and refers matters to the courts. Existing sectoral bank and non-bank supervision departments and the Exchange Control Department of the Central Bank of Sri Lanka also play a supervisory role.

The Financial Transactions Reporting Act sets out the powers of the Financial Intelligence Unit to transmit information to domestic law enforcement authorities, including CIABOC (sect. 15) and foreign institutions (sects. 15–17). The Financial Intelligence Unit is a member of the Egmont Group and has concluded memorandums of understanding with 34 foreign counterparts. The authorities of Sri Lanka cooperate through various platforms, including INTERPOL, the South Asian Association for Regional Cooperation and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.

Regulations are in place requiring financial institutions, including money remitters and their agents, to obtain and maintain information on the originator of funds transfers and to monitor transactions that are accompanied by insufficient information.

Sri Lanka has a disclosure-based regime to monitor the movement of currency and bearer-negotiable instruments across its borders (sects. 24–27). Under the Foreign Exchange Act Regulations of 2017, cross-border transfers exceeding \$15,000 (\$10,000 if outgoing) are subject to mandatory declaration. Any cash and negotiable instruments imported into or exported from Sri Lanka may be seized or detained if there is a suspicion that they have been derived from, or are intended for use in, the commission of an unlawful activity (sects. 24 and 25).

2.2. Successes and good practices

- Measures to promote the participation of society, including through the Open Government Partnership and National Anti-Corruption Action Plan (arts. 5 and 13).
- Introduction of cyberkiosks throughout the country to facilitate electronic access to public services (art. 10 (a)).
- The ongoing activities of CIABOC in the area of education, including school integrity clubs, dedicated syllabuses and competitions (art. 13 (1) (c)).

2.3. Challenges in implementation

It is recommended that Sri Lanka:

- Implement an effective, coordinated anti-corruption policy with clearly stated goals, means to achieve them, responsible bodies and coordination (art. 5 (1) of the Convention).
- Continue efforts to adopt a more structured approach towards the prevention work of CIABOC, including through the establishment and effective functioning of a dedicated prevention unit (art. 5 (2) and art. 6 (1)).
- Enhance the independence and effectiveness of CIABOC, including by adopting clear rules on the Director General's tenure and removal, specifying the

procedure for disciplinary control over the Director General, providing CIABOC with sufficient material resources and providing specialized training for staff and exercising administrative and disciplinary control over its officers (art. 6 (2)).

- Consider identifying positions in the public sector that are especially vulnerable to corruption and adopting adequate procedures for the selection and training of public officials holding such positions (art. 7 (1) (b)).
- Consider adopting a comprehensive law on the funding of candidates for elected public office and of political parties (art. 7 (3)).
- Strengthen measures to prevent and detect conflicts of interest, including by adopting clear rules on what constitutes a conflict of interest, and penalties for non-compliance, creating a monitoring mechanism and providing training to public officials (art. 7 (4), art. 8 (5)).
- Strengthen the application of the Establishments Code, including by providing training to public officials, and consider reviewing and modernizing the Code taking into account international good practices (art. 8 (1)–(3)).
- Strengthen measures to facilitate the reporting by public officials of corruption, including by providing guidance to public officials and ensuring confidentiality (art. 8 (4)).
- Reform and strengthen the asset declaration system in line with the amendments proposed by CIABOC, including by assessing the possibility of introducing effective monitoring and verification, considering the adoption of electronic filing systems, permitting competent authorities to share information with foreign counterparts, and effectively applying deterrent penalties for non-compliance, also to heads of offices who do not observe the Declaration of Assets and Liabilities Act and to elected officials; and consider expanding the scope of declarations to include potential conflicts of interest (art. 8 (5), art. 52 (5)).
- Consider strengthening the measures concerning gifts, secondary employment and outside activities of public officials with a view to providing clear duties and rules for compliance (art. 8 (5)).
- Ensure that the sanctions set out in the Establishments Code are effectively applied in practice (art. 8 (6)).
- For the sake of institutional clarity, formally abolish the National Procurement Agency, which is no longer operational and has been replaced by the National Procurement Commission (art. 9 (1)).
- Continue efforts to amend the *Procurement Guidelines 2006: Goods and Works* and the *Procurement Manual* of 2006 in line with the Convention and consider introducing screening procedures and more structured training for procurement officials (art. 9 (1)).
- Fully operationalize the Right to Information Act, including through the designation and training of information officers and raising awareness among public officials and the public (art. 10 (a)).
- Consider publishing periodic reports assessing the risks of corruption in public administration (art. 10 (c)).
- Continue to strengthen judicial integrity, including by adopting rules on disciplinary violations committed by judges of the Supreme Court and the Court of Appeal and adopting a code of judicial conduct (art. 11 (1)).
- Consider adopting a code of conduct for prosecutors and ensure that sufficient training is available to prosecutors (art. 11 (2)).
- Take further measures to prevent corruption in the private sector, including by strengthening procedures regarding subsidies and licenses, consider imposing

restrictions on activities open to former public officials, developing standards of conduct for the private sector and effectively identifying the identity of persons involved in the establishment and management of businesses (art. 12 (1) and (2)).

- Consider the possibility of regulating in law the current practice of publishing draft legislation to allow the public to express its views (art. 13 (1) (a)).
- Continue taking measures to encourage the public to report instances of corruption, including through the full implementation of the Assistance to and Protection of Victims of Crime and Witnesses Act and the envisaged adoption of a national policy on whistle-blowing (art. 13 (2)).
- Continue to strengthen the implementation of a comprehensive risk-based approach to the fight against money-laundering (art. 14).
- Strengthen the ability of the Financial Intelligence Unit of Sri Lanka to exchange information at the international level and provide it with sufficient resources to carry out its supervisory functions (art. 14 (1) (b)).
- Strengthen the monitoring and implementation of measures requiring financial institutions, including money remitters, to identify and scrutinize funds transfers (art. 14 (3)).
- Continue efforts to address the remaining issues of the Financial Action Task Force evaluation, including in the areas of customer due diligence, wire transfers, money value transfer services and internal controls (art. 14 (4), art. 52).

2.4. Technical assistance needs identified to improve implementation of the Convention

- Legislative assistance (arts. 7, 8 and 9);
- Institution-building (arts. 7 and 12);
- Policymaking (art. 7);
- Capacity-building (arts. 7, 8, 10, 12, 13 and 14); and
- Research/data-gathering and analysis (art. 7).

3. Chapter V: asset recovery

3.1. Observations on the implementation of the articles under review

General provision; special cooperation; bilateral and multilateral agreements and arrangements (arts. 51, 56 and 59)

Sri Lanka relies on the Prevention of Money Laundering Act, the Mutual Assistance in Criminal Matters Act and the Criminal Procedure Code for the confiscation and recovery of the proceeds of crime. Steps towards the adoption of proceeds of crime legislation were under way at the time of the review.

Mutual legal assistance in criminal matters, including asset recovery, may be provided to requesting States designated as "specified countries" by ministerial order. Such ministerial orders can be issued for Commonwealth countries, or any non-Commonwealth country if it has entered into a mutual legal assistance agreement with Sri Lanka (sect. 17 of the Mutual Assistance in Criminal Matters Act). At the time of the review, there were eight such countries, six of which had signed treaties with Sri Lanka containing asset recovery provisions. Although mutual legal assistance can also be provided to other countries on a case-by-case basis using reciprocity or ad hoc agreements, in practice, the need for a ministerial order presents significant challenges. The Convention's provisions are not directly applicable.

Sri Lanka spontaneously transmits information based on reciprocity, in particular in connection with the Prevention of Money Laundering Act offences as that Act explicitly obliges the Government to assist other States without a prior request

(sect. 32). As a member of the Egmont Group, the Financial Intelligence Unit transmits relevant information to foreign counterparts. Sri Lanka also cooperates through the Asset Recovery Inter-Agency Network for Asia and the Pacific and the Global Focal Point Network on Asset Recovery of INTERPOL and the joint United Nations Office on Drugs and Crime/World Bank Stolen Asset Recovery (StAR) Initiative.

Prevention and detection of transfers of proceeds of crime; financial intelligence unit (arts. 52 and 58)

The Financial Intelligence Unit, established in 2006 as part of the Central Bank, is the main authority supervising suspicious financial transactions. The Unit is a hybrid body analysing cases and referring suspicious transactions to law enforcement authorities. Its powers and functions are set out in the Financial Transactions Reporting Act (part III).

The Financial Institutions (Customer Due Diligence) Rules of 2016, issued by the Financial Intelligence Unit, apply to all financial institutions as defined in the Financial Transactions Reporting Act. The Rules set out obligations with regard to money-laundering risk management and internal controls, know-your-customer standards, customer due diligence, enhanced scrutiny for persons and accounts, correspondent banking, wire transfers and record-keeping. Staff of financial institutions are trained by their employers and by the Financial Intelligence Unit.

Under the Rules, financial institutions are required to identify and verify the identity of beneficial owners of all accounts (rules 30 and 31). Enhanced scrutiny of both domestic and foreign politically exposed persons, their family members and close associates, is required (rules 59 and 60). Pursuant to the Financial Transactions Reporting Act, the Financial Intelligence Unit issued the Guidelines for Financial Institutions on Identification of Beneficial Ownership, No. 04 of 2018. No centralized bank register is in place.

The Banking Act prohibits banks with no physical presence in Sri Lanka (sect. 2, subsect. (1)). Financial institutions are prohibited from entering into business relations with them and from providing correspondent banking services to financial institutions that permit their accounts to be used by shell banks (rule 67, Financial Institutions (Customer Due Diligence) Rules).

Financial institutions are required to maintain records of transactions, both domestic and international, as well as customer due diligence and know-your-customer records, for a minimum of six years from completion of the transactions or the date on which the business relationship was fulfilled (rules 89–91). All records must be immediately available to the Financial Intelligence Unit and other relevant national authorities (rule 94).

The Declaration of Assets and Liabilities Act requires public officials to declare their assets and liabilities inside and outside Sri Lanka. There are limited resources to monitor and verify their declarations, address non-compliance and raise awareness.

Measures for direct recovery of property; mechanisms for recovery of property through international cooperation in confiscation; international cooperation for purposes of confiscation (arts. 53, 54 and 55)

While no provision prohibits foreign countries from participating in the country's court proceedings and initiating civil action to establish ownership of property or seek compensation, this has never happened in practice.

Confiscation of the proceeds of corruption is limited to the proceeds of money-laundering and bribery (sect. 26A, 28A, subsect. (1) and sect. 39 of the Bribery Act, and sects. 3 and 13 of the Prevention of Money Laundering Act). Freezing is not regulated, although Sri Lanka explained that section 124 of the Criminal Procedure Code on the assistance of magistrates in investigations could be applied.

Sections 15 and 19 of the Mutual Assistance in Criminal Matters Act authorize the central authority, namely the Ministry of Justice, to give effect to search, seizure and confiscation orders issued by courts in specified countries, and section 17 authorizes the central authority to assist specified countries in tracing proceeds of crime. No requests for asset confiscation under section 19 of Mutual Assistance in Criminal Matters Act had been received by Sri Lanka at the time of the country visit.

Section 13 of the Prevention of Money Laundering Act empowers the courts to issue confiscation orders for movable or immovable property derived or realized from unlawful activity. However, there have been no cases in which section 13 was applied to property of foreign origin. Non-conviction-based confiscation is not possible.

The Mutual Assistance in Criminal Matters Act provides for a partial preservation of property for confiscation (sect. 15, subsects. 9 and 10). The envisaged proceeds of crime legislation will convert the Special Presidential Task Force on Recovery of State Assets to a statutory body with a mandate to manage proceeds of crime.

The Mutual Assistance in Criminal Matters Act specifies requirements for requests for mutual legal assistance and grounds for refusal (sects. 5 and 6). Sri Lanka does not apply any *de minimis* threshold for assistance (sect. 6). Before lifting any provisional measure, consultations with requesting States are a standard practice.

Return and disposal of assets (art. 57)

The central authority, in consultation with the Minister of Finance, may order either the whole or any part or value of confiscated property to be given to a requesting State where deemed appropriate in the interests of comity or based on an international arrangement (sect. 22 of the Prevention of Money Laundering Act). The central authority may specify suitable steps to give effect to a request, which include disposal of confiscated property as the central authority may specify (sect. 19, subsect. 7 of the Mutual Assistance in Criminal Matters Act). These provisions do not establish an obligation to return and dispose of assets in accordance with the Convention.

3.2. Successes and good practices

- The Special Presidential Task Force on Recovery of State Assets, established to coordinate efforts to investigate, identify, trace, seize and transfer State assets and revenue (art. 51).
- The provision of sample forms for requests for mutual legal assistance (art. 51).

3.3. Challenges in implementation

It is recommended that Sri Lanka:

- Continue to strengthen international cooperation mechanisms as a basis for asset recovery by addressing the limitations on mutual legal assistance in line with the findings of the country's first-cycle country review report and the results of the 2015 APG review, enhance data collection mechanisms and expedite the adoption of proceeds of crime legislation (arts. 51 and 54).
- Take measures to allow for the provision of assistance and the enforcement of foreign confiscation, freezing and seizing orders from non-specified countries (arts. 51 and 54).
- Introduce a system to notify financial institutions of the identity of particular persons to whose accounts enhanced scrutiny should be applied (art. 52 (2) (b)).
- Consider extending the six-year period for maintenance of records, which has been identified as a potential obstacle to successful investigations (art. 52 (3)).
- Address the recommendation referred to under 2.3, ninth bullet point (art. 8 (5) and art. 52 (5)).

- Consider requiring public officials to declare foreign financial accounts, to maintain appropriate records related to such accounts and providing for appropriate sanctions for non-compliance (art. 52 (6)).
- Ensure that measures for direct recovery, as outlined in art. 53 of the Convention, are available to other States (art. 53 (a)–(c)).
- Adopt measures to authorize freezing, seizure and confiscation of proceeds derived from all Convention offences, as recommended in the first-cycle review, including by adopting a proceeds of crime law, and ensure that such measures may be taken for purposes of international cooperation (art. 54 (1) (a), (2)).
- Consider introducing non-conviction-based confiscation (art. 54 (1) (c)).
- Strengthen measures to preserve property for confiscation and continue efforts to designate a central asset management authority as recommended in the first-cycle review (art. 54 (2) (c)).
- Ensure that non-coercive mutual legal assistance may be provided to all States parties and consider using the Convention as a legal basis in that regard (art. 55 (6)).
- Continue to ensure that consultations with requesting States are carried out before lifting any provisional measures (art. 55 (8)).
- Take measures to enable the central authority to return confiscated property to its prior legitimate owners (art. 57 (1) (2)).
- Take legislative and other measures to ensure the return of property as specified in article 57 (3) of the Convention.
- Clarify the matter of costs in the context of ongoing revision of the legislation (art. 57 (4)).
- Provide sufficient resources to the Financial Intelligence Unit of Sri Lanka to effectively carry out its supervisory and analytical functions (art. 58).
- Consider concluding bilateral or multilateral agreements or arrangements to address the requirements of chapter V of the Convention (art. 59).

3.4. Technical assistance needs identified to improve implementation of the Convention

- Legislative assistance (arts. 52–54).



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II. Executive summary

Mozambique

1. Introduction: overview of the legal and institutional framework of Mozambique in the context of implementation of the United Nations Convention against Corruption

Mozambique signed the Convention against Corruption on 25 May 2004 and ratified it on 9 April 2008.

The Convention is an integral part of national law in Mozambique and has the status of ordinary law since its ratification by the parliament (art. 18, Constitution). The legal system is based on Portuguese civil law and customary law.

Mozambique was reviewed during the second year of the first cycle of the Implementation Review Mechanism [CAC/COSP/IRG/I/2/1/Add.34].

The most important institutions in the fight against corruption are the Central Office for the Fight against Corruption (Portuguese abbreviation: GCCC) within the Office of the Attorney General, the Central Ethics Commission, the Financial Intelligence Unit of Mozambique (GIFiM), the Ministry of State Administration and Public Service and the Bank of Mozambique.

Mozambique has enacted numerous laws to prevent and fight corruption, including the Law on the Central Office for the Fight against Corruption, the Law on Public Probity, the Law on Preventing and Combating Money-Laundering and Terrorist Financing and the Law establishing the Financial Intelligence Unit.

2. Chapter II: preventive measures

2.1. Observations on the implementation of the articles under review

Preventive anti-corruption policies and practices; preventive anti-corruption body or bodies (arts. 5 and 6)

In 2012, Mozambique adopted the Public Administration Development and Reform Strategy, which is aimed at enhancing professionalism, integrity and accountability in public administration. The Strategy is operationalized through five-year action plans reflected in concrete sectoral and provincial plans. To date, it has resulted in the adoption of several concrete anti-corruption measures, including new laws and the creation of the Central Ethics Commission and sectoral public ethics commissions. However, the Strategy only focuses on the public sector, and private sector corruption is left uncovered. Ministry of State Administration and Public Service and the Inter-Ministerial Commission for Public Service Reform are responsible for overseeing the implementation of the Strategy and preparing yearly progress reports.

The Central Office for the Fight against Corruption is the main preventive anti-corruption body. It carries out various prevention activities, including school initiatives in partnership with the Ministry of Education, awareness-raising materials and training. The Central Office has entered into agreements with several public and private institutions. Although the Central Office coordinates national corruption prevention work (art. 80, Organic Law on the Office of the Attorney General), its practical role in the implementation of the Strategy is unclear.

The Central Office is a specialized organ of the Office of the Attorney General (arts. 78 and 79, Organic Law), enjoying functional autonomy and its own budget. While the operational autonomy of the Office of the Attorney General is established (art. 234, Constitution; arts. 2 and 3, Organic Law), no legal basis exists ensuring specifically the independence of Central Office. The Deputy Attorney General acts as the director of the Central Office. The Attorney General appoints and removes the director (art. 81, Organic Law). Central Office staff (such as investigators, accountants, auditors, prosecutors) are seconded from various public bodies. The

Office of the Attorney General oversees the secondment process but the procedure appears to vary and is unclear.

Public bodies are subject to periodic inspections by the Ministry of Finance and the Administrative Court. Any corruption-related findings are sent to the Central Office for follow-up.

The National Directorate for Legal and Constitutional Affairs of the Ministry of Justice is responsible for overseeing the evaluation and reform of legal instruments.

Two national surveys were carried out (2005, 2010) to evaluate citizens' satisfaction with public services. In addition, two studies on the level of corruption were developed by the Interministerial Commission for the Reform of the Public Sector (2004, 2010–2011) and two national conferences on corruption were organized (2013, 2015), bringing together government representatives, civil society and academia.

Mozambique participates in various international anti-corruption initiatives and forums, including the Southern African Development Community (SADC) Anti-Corruption Committee, the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and the Commonwealth Africa Anti-Corruption Centre. The Central Office has entered into agreements with counterparts from several Portuguese-speaking and neighbouring countries.

Mozambique was reminded of its obligation to inform the Secretary-General of the United Nations of the name and address of the prevention authority under article 6 (3).

Public sector; codes of conduct for public officials; measures relating to the judiciary and prosecution services (arts. 7, 8 and 11)

The General Statute of Officials and State Agents and its corresponding decree regulate the recruitment, retention, promotion and retirement of public officials. Ministerial decree 61/2000 regulates in detail the recruitment process, including the publication of vacancy notices, the composition of juries and selection procedures. Public bodies are responsible for their own recruitment process through established human resources departments. Recruitment-related complaints may be lodged with the jury, the hiring entity or the Administrative Court. Decree 54/2009 on the Careers and Compensation System includes the rules for promotion and remuneration. Remuneration considers public employees' career, category or function and consists of salaries and allowances (art. 48, General Statute).

There is an established practice of rotation for public officials occupying posts prone to corruption, as identified in the second national corruption survey (e.g. tax authorities, traffic police, customs officers).

Training of public officials on anti-corruption is provided primarily by the Ministry of State Administration and Public Service, but also by the Central Office and by several sectoral training institutions.

Criteria concerning candidature for and election to public office are set out in the Law on the Election of the President and Members of Parliament, the Law on the Election of the President of Municipal Councils, the Law on the Election of Members of Provincial Assemblies, the Law on the Ombudsman and the General Statute. Elected public officials are subject to mandatory asset declarations (art. 58, Law on Public Probity).

Although some relevant provisions exist in the Law on the Election of the President and Members of Parliament, Mozambique has identified the need to adopt a new law to comprehensively address election financing matters and introduce transparency.

The Law on Public Probity effectively serves as a code of conduct and establishes duties and ethical standards for public officials and regulates, among others, asset declarations, conflict of interest, gifts, secondary activities and employment. However, there is no information whether the relevant initiatives of regional, interregional or multilateral organizations were considered in developing the Law on Public Probity.

Yearly asset declarations are compulsory for public officials listed in article 58 and concern assets within or outside of Mozambique and of family members (arts. 20, 57–59 and 62). The Office of the Attorney General, through its reception and verification commissions, has depository and supervisory functions (arts. 61–63). The prosecutors, however, file their declarations with the Administrative Court (art. 61, para. 2). Anyone with justified interest can access the declarations but further dissemination or publication is prohibited (arts. 66–69).

Public officials cannot engage in outside activities that could lead to conflict of interest (art. 25, Law on Public Probity, arts. 7 and 8, General Statute). A cooling-off period of two years can be imposed when leaving public office (arts. 45 and 46, Law on Public Probity).

Gifts of a certain value (art. 41, para. 2, Law on Public Probity) are acceptable; however, zero tolerance applies if the gifts come from persons with interest in public officials' decisions and are not courtesy or special occasions gifts (arts. 26 and 40–42). If in doubt as to the permissibility, public officials must consult with their public ethics commission or, in its absence, superiors (art. 41).

Public officials have an obligation to self-identify potential conflicts of interest (as defined in arts. 19, 25, 35 and 36) and inform their respective public ethics commission or superiors (arts. 36 and 48).

Violations constitute disciplinary offences punishable by a fine or dismissal (arts. 70–88, Law on Public Probity, arts. 78–114, General Statute). Public bodies have their own disciplinary mechanisms and impose sanctions. Furthermore, public ethics commissions are responsible for identifying cases of conflict of interest and may recommend relevant bodies to apply disciplinary measures. The work of public ethics commissions is overseen by the Central Ethics Commission who transmits cases of breach to the Central Office for further consideration (art. 55, Law on Public Probity).

Public officials have a duty to report illegal acts, including corruption, to their superiors (art. 39, General Statute). Non-compliance constitutes a disciplinary offence (art. 86, General Statute). In addition, anyone can report corruption to the Central Office, including anonymously (arts. 12 and 13, Law on the Central Office). Protection for reporting persons is regulated by law (art. 13, Law on the Central Office and Law 15/2012).

The independence of the judiciary is guaranteed (art. 217, Constitution). The Judges Statute lists judges' duties and contains, among others, provisions on the appointment and disciplinary proceedings (art. 4). The High Council of the Judiciary is the main self-management and disciplinary body (arts. 220–222 Constitution). The Judicial Inspection body conducts regular inspections in courts and deals with complaints as to judges' performance.

Autonomy of the prosecution service is established (arts. 2 and 3, Organic Law). The Office of the Attorney General Statute lists rights, duties and ethical standards for prosecutors. A dedicated code of ethics for prosecutors is being drafted. The High Council of Public Prosecutors is the main managerial and disciplinary body.

Judges and prosecutors are subject to compulsory asset declarations. Training to judges and prosecutors on integrity is provided on an ad hoc basis.

Public procurement and management of public finances (art. 9)

Decree 5/2016 establishes the legal regime applicable to all public procurement. Mozambique applies a decentralized system where each contracting authority designates its own responsible acquisition management unit. The functional supervision unit of acquisitions of the Ministry of Finance is responsible for providing inspection, technical support and training to acquisition management units and preparing procurement guidelines and manuals. The decree regulates the different procurement methods (arts. 6–8), the invitation to tenders (arts. 32 and 33),

requirements for participants (arts. 21–26) and the submission and evaluation of proposals (arts. 51–60). While the general method is public tender, special methods may be applied for procurement relating to international agreements and certain categories of work and services, including of lower value (arts. 6–8). Complaints can be addressed to the contracting authority's acquisition management unit, and further appeals can be lodged with the functional supervision unit of acquisitions or the administrative courts (arts. 275–276). The unit provides training to procurement officers (art. 19).

The electronic system of financial administration of the State (e-SISTAFE) regulates all processes relating to the management of public funds. The Law on the System of Financial Administration of the State regulates the system of accounting and auditing standards (arts. 36–63) and requires public bodies to keep records and report on all revenues and expenditures (arts. 14 and 15). The Law establishes the internal control subsystem to supervise the use of public resources and monitor the implementation of the rules (arts. 62–64). The Administrative Court is responsible for supervising public revenues and expenditures (art. 4, decree 24/2003). All public financial records are stored at the Ministry of Finance. Public bodies may be subject to independent audits ordered by the Ministry of Finance. Non-compliance with the Law is subject to financial, disciplinary, criminal and civil liability (art. 66; arts. 517 and 518, Penal Code). At the end of each fiscal year, the government prepares balance sheets, budget control charts and income statements.

The procedures and competencies for the elaboration and adoption of the national budget provided (arts. 130 and 131, Constitution; arts. 12–26, Law on the System of Financial Administration of the State).

Public reporting; participation of society (arts. 10 and 13)

Access to information is governed by the Law on the Right to Information. Requests can be submitted by anyone (arts. 3–6) and in any form (arts. 6–9) and must follow the requirements listed in the Law (art. 8). Denial of access can be challenged through an administrative or judicial appeal (arts. 16–18).

So-called single service counters exist throughout the country to provide one-stop access to various licences and certificates. Public bodies maintain their own websites and prepare what are known as service letters to succinctly present to citizens their work and services. The Law has also established a body responsible for the management of national archives. The Office of the Attorney General presents its annual reports to the parliament, with one chapter dedicated to anti-corruption activities of the Central Office for the Fight against Corruption.

There is a practice of conducting consultations with civil society and the private sector during the drafting process of laws and regulations (in line with art. 124, Rules of Procedure of the parliament and arts. 113–116, Law on Public Administration).

The Central Office conducts a range of public information activities, including television and radio advertisements, campaigns, lectures and education programmes. An anonymous reporting hotline is in place.

Private sector (art. 12)

Corruption in the private sector is criminalized (arts. 502 and 503, Penal Code). In 2006 and 2009, the country adopted a General Accounting Plan and an Accounting System establishing standards for companies. The following laws are relevant in the area of company registration, bookkeeping and accounting and set out sanctions for non-compliance: Labour Law; Commercial Code (in particular arts. 42–46, which oblige businesses to keep records and inventory); Business Registration Code (in particular arts. 1–3 on the public commercial register); and Law on the Tax System (in particular arts. 23–30, which provide for sanctions for false or incomplete accounting and bookkeeping and non-submission of requested declarations to tax offices).

No specific mechanism is in place for reporting corruption in the private sector; however, corruption allegations can be reported directly to the Central Office for the Fight against Corruption and some companies have established toll-free “green lines” to receive complaints and channel them to the Central Office or other bodies.

A code of conduct exists for the Confederation of Economic Associations of Mozambique. In addition, some companies have their own codes of conduct and some larger companies have also established dedicated compliance departments.

The Central Office cooperates with the Confederation on training activities for the private sector and together with the Institute of Directors prepared the 2016 business integrity pact against corruption to give guidance to private companies. As of December 2017, the pact had been signed by 50 companies.

The Tax Authority is responsible for licensing and professional supervision of companies and private entities. The Commercial Code obliges companies to undergo regular audits by external auditors. No information has been provided on the subject of subsidies to and licensing of private entities and internal auditing controls. No information has been provided on the tax deductibility of bribes.

Measures to prevent money-laundering (art. 14)

As a member of ESAAMLG, Mozambique must implement and apply all Financial Action Task Force recommendations. Mozambique was subject to ESAAMLG mutual evaluation in 2011. The second evaluation is planned for 2019.

The Law on Money-Laundering and Terrorist Financing, and decree 66/2014, known as the anti-money-laundering regulation, contain the regulatory and supervisory regimes for banks and designated non-financial businesses and professions as exhaustively listed under article 3 of the Law. The Bank of Mozambique is the supervisory body for financial institutions, other supervisory bodies supervise specific sectors, and GIFiM is the supervisory body to all other entities (art. 27 of the Law). Bank of Mozambique has issued a Notice to help entities apply measures to prevent money-laundering.

The listed entities are required to identify their customers, including the occasional ones (art. 10 of the Law). Identification is mandatory if the transaction amount is above 450,000 meticaïs (approximately \$736). Identification of beneficial owners is also required. While it does not appear clearly in the Law, decree 66/2014 provides for a risk-based approach by requiring creation of customer risk profiles (art. 15). Mozambique has established a financial intelligence unit, GIFiM, with powers to exchange information at the national and international level (art. 2, para. 2, Law on GIFiM). GIFiM has signed a number of memorandums of understanding, almost exclusively with regional financial intelligence units. At the time of the country visit, GIFiM was about to become a member of the Egmont Group of Financial Intelligence Units. Moreover, Mozambique has created a task force composed of the Office of the Attorney General, the Central Office for the Fight against Corruption and technicians from various ministries. The task force is chaired by GIFiM.

Mozambique regulates cross-border transfers of cash and negotiable instruments. Anyone entering or leaving its territory must declare any amount above \$5,000 (art. 24, Law on Money-Laundering and Terrorist Financing). The declaration is sent to GIFiM (art. 36, anti-money-laundering regulation). However, while the anti-money-laundering regulation includes national and foreign currency, the Law on Money-Laundering and Terrorist Financing mandates declaration of foreign currency only. Financial institutions must identify and verify the identity of originators and beneficiaries of wire transfers (art. 15 of the Law; art. 24 of the regulation). However, the Law does not apply to money remitters outside financial institutions.

2.2. Successes and good practices

- A broad range of activities in schools aimed at preventing corruption, including the establishment of anti-corruption centres, the organization of contests, the

production of a children's book, efforts to include anti-corruption content into curricula, and the training of teachers (art. 5 (2) and art. 13 (1) of the Convention);

- The existence of single service counters and the development of service letters to facilitate access of citizens to public work and services (art. 10 (a) and (b));
- Mozambique has created a task force composed by the Office of the Attorney General, the Central Office for the Fight against Corruption and technicians from various ministries. The task force is chaired by GIFiM (art. 14 (1) (b)).

2.3. Challenges in implementation

It is recommended that Mozambique:

- Consider including private sector corruption in the Public Administration Development and Reform Strategy, the national anti-corruption strategy (art. 5 (1));
- Strengthen the coordination between the Central Office for the Fight against Corruption and the Ministry of State Administration and Public Service to ensure the effective implementation of the Strategy and enhance capacities and research activities of the Central Office in the areas not covered by the Strategy (art. 6 (1));
- Establish a legal basis for the independence of the Central Office, adopt clear rules on the appointment and removal of its director to introduce safeguards against arbitrary dismissal, introduce rules on the recruitment of Central Office staff, and provide sufficient resources and specialized training to staff (art. 6 (2));
- Ensure adequate selection and training procedures for public officials occupying posts prone to corruption (art. 7 (1));
- Enhance transparency in the funding of candidates for elected office and political parties, including through the adoption of a new law that would comprehensively regulate issues such as accounting obligations, public subsidies, private donations, public disclosure and expenditure limits (art. 7 (3));
- Provide clear rules and training for public officials concerning the conflict of interest system (art. 7 (4));
- Ensure the existence and effectiveness of work of public ethics commissions in all public bodies (art. 7 (4) and art. 8 (5));
- Ensure the effectiveness of the mechanism for public officials to report corruption, including through streamlining the existing processes, providing alternative confidential reporting channels, and providing guidance to public officials (art. 8 (4));
- Strengthen the asset declaration system, including through systematizing the verification process (e.g. introducing random or routine verifications), computerizing the system, raising awareness among public officials, effectively applying penalties for non-compliance, and assessing whether the current scope of the obligation covers all positions vulnerable to corruption (art. 8 (5));
- Continue ensuring that the rules on outside activities and employment are well known to public officials and enforced in practice (art. 8 (5));
- Consider introducing an obligation for public officials to declare gifts, adopting clear guidelines and lowering the current threshold for acceptable gifts (art. 8 (5));
- Effectively apply the disciplinary sanctions envisaged in the Law on Public Probity (art. 8 (6));
- Ensure that the system of domestic review in the area of public procurement is effective and capable of bringing results (art. 9 (1));

- Consider introducing clear screening procedures and training requirements for procurement personnel; and ensure the effectiveness of the system of domestic review, including through introducing the possibility to appeal a procurement decision in courts (art. 9 (1));
- With a view to successfully fighting the illicit use of public funds, strengthen e-SISTAFE by taking additional measures on transparency and accountability and effectively applying sanctions for non-compliance (art. 9 (2));
- Ensure the existence of an appropriate framework to preserve the integrity of accounting books, records, financial statements and other documents relating to public expenditure and revenue (art. 9 (3));
- Ensure the effective application of the Law on the Right to Information and give guidance to public officials and the public (art. 10 (a) and art. 13 (1));
- Consider publishing periodic reports on the risks of corruption in public administration (art. 10 (c));
- Enhance the independence of the judiciary, including through effectively applying disciplinary sanctions and promoting transparency in court processes and access to judgments; and increase training on integrity and anti-corruption (art. 11 (1));
- Strengthen the integrity of the prosecution service through adopting the envisaged code of ethics for prosecutors and increased training (art. 11 (2));
- Adopt clear auditing and accounting standards for the private sector, in particular ensure that private enterprises have sufficient internal auditing controls to assist in preventing and detecting corruption and that financial statements are subject to appropriate auditing and certification procedures, and effectively apply sanctions for non-compliance (art. 12 (1) and art. (2) (f));
- Ensure the effectiveness of the anonymous reporting hotline of the Central Office for the Fight against Corruption and so-called green lines, including by raising awareness and an effective follow-up to the complaints received (art. 12 (2) (a) and 13 (2));
- Increase transparency regarding the identity of beneficial owners (art. 12 (2) (c));
- Transparently regulate the use of subsidies and licenses for commercial activities (art. 12 (2) (d));
- Take legislative steps to prohibit the acts set out in article 12 (3), of the Convention (art. 12 (3));
- Disallow the tax deductibility of bribes (art. 12 (4));
- Continue to enhance the transparency of decision-making processes and taking legislative and practical measures to allow the public to participate (art. 13 (1));
- Consider establishing a single financial supervisory authority, or entrusting that role to the Bank of Mozambique and providing it with the necessary resources (art. 14 (1) (a));
- Insert a catch-all provision for designated non-financial businesses and professions to ensure that the regulatory and supervisory regime of the Law on Money-Laundering and Terrorist Financing is applicable to all professions exposed to the risk of money-laundering (art. 14 (1) (a));
- Consider establishing a clear risk-based approach (art. 14 (1) (a));
- Endeavour to adopt more memorandums of understanding between GIFiM and financial intelligence units outside the region and ensure that GIFiM becomes a member of the Egmont Group (art. 14 (1) (b));
- Consider requiring that the declaration of cross-border transfers is not only applicable to foreign currencies (art. 14 (2));

- Consider implementing preventive measures, including related to the identification of senders and beneficiaries, to all forms of electronic transfers, including outside financial institutions (art. 14 (3));

2.4. Technical assistance needs identified to improve implementation of the Convention

- Capacity-building (arts. 7, 8, 13 and 14);
- Institution-building (arts. 6, 13 and 14);
- Policymaking (arts. 5 and 13)

3. Chapter V: asset recovery

3.1. Observations on the implementation of the articles under review

General provision; special cooperation; bilateral and multilateral agreements and arrangements (arts. 51, 56 and 59)

Mozambique does not have extensive experience with regard to international cooperation in criminal matters and has not adopted any specific text on mutual legal assistance. At the time of the country visit, only the Law on Money-Laundering and Terrorist Financing contained provisions on international cooperation for asset recovery purposes and Mozambique has never received any request.

Mozambique has not signed any cooperation agreements related to confiscation and asset recovery.

Pursuant to article 48 of the Law on Money-Laundering and Terrorist Financing, the competent authorities of Mozambique are to provide the broadest possible cooperation to the competent authorities of other States. Article 2 (c) of the Law on GIFiM allows proactive disclosure by GIFiM to foreign financial intelligence units.

Mozambique is a party to the SADC protocol against corruption, the African Union Convention on Preventing and Combating Corruption and the Convention on Mutual Assistance in Criminal Matters between the States Members of the Community of Portuguese-speaking Countries.

Prevention and detection of transfers of proceeds of crime; financial intelligence unit (arts. 52 and 58)

The notion of beneficial owner is defined in the glossary of the Law on Money-Laundering and Terrorist Financing and in article 8 of anti-money-laundering regulation. According to notice 4/GMB/2015 of the Bank of Mozambique, which sets out guidelines on preventing and combating money-laundering and the financing of terrorism, if the institution cannot determine whether the customer is acting for a third party or not, this must be reported to GIFiM.

Politically exposed persons are defined (glossary of the Law on Money-Laundering and Terrorist Financing). Politically exposed persons at the national level are included. All entities subjected to measures to prevent money-laundering must apply enhanced customer due diligence regarding politically exposed persons (art. 10, para. 3 of the Law; art. 16 of the regulation).

The notice of the Bank of Mozambique and the anti-money-laundering regulation provide for advisories regarding conditions of enhanced scrutiny. The notice of the Bank of Mozambique, which is limited to financial institutions, explains suspicious operations in detail (chapter V, section I) and categories of risks (annex 1). It obliges all staff to follow specific training on prevention and the fight against money-laundering and terrorism financing.

In its notice, the Bank of Mozambique also requests all institutions to regularly check sanctions lists of the Security Council. Banks also use commercial screening tools.

Mozambique is currently developing a regulation on how entities should operationalize United Nations sanctions.

Records of transactions, accounts and customer due diligence must be kept for 15 years after the transactions or the closure of business (art. 17 of the Law; art. 19 of the regulation; chapter IV, sec. I, notice of the Bank of Mozambique).

Shell banks are defined (glossary of the Law). Their establishment, as well as their business relationships with banks which permit their accounts be used by shell banks is prohibited (art. 34, para. 2, of the Law; chapter III, sec. II, subsec. 3, of the notice).

Yearly asset declarations by public officials concern national and foreign assets but not an interest or right of signature in foreign countries. GIFiM can access asset declarations upon request. There are limited resources to monitor and verify disclosures, raise awareness and address non-compliance.

GIFiM has been established to receive, centralize and analyse suspicious transaction reports. In 2016, GIFiM received 536 such reports.

Measures for direct recovery of property; mechanisms for recovery of property through international cooperation in confiscation; international cooperation for purposes of confiscation (arts. 53, 54 and 55)

Natural and legal persons may initiate civil proceedings if they possess legal personality (art. 5, Civil Procedure Code), including foreign States as long as they hire a national lawyer. However, at the time of the country visit, the situation had not yet occurred.

Foreign court decisions must be validated by the national courts (arts. 225–229, Criminal Procedure Code). This provision applies in criminal matters, including confiscation (art. 1, Criminal Procedure Code). The Law on Money-Laundering and Terrorist Financing extends this procedure to money-laundering matters (art. 53). Mozambique does not allow direct enforcement of foreign confiscation orders.

Mozambique does not allow non-conviction-based confiscations, not even for purposes of mutual legal assistance.

The Law provides for the freezing and seizure of proceeds of crime in the framework of international cooperation (arts. 48 and 49). The procedure is enshrined in article 38, and a court order is not mandatory. However, seizure and freezing can only be ordered based on a request from the foreign country (art. 49).

Pursuant to articles 225 to 229 of the Criminal Procedure Code and article 53 of the Law, a foreign court order must be reviewed and confirmed before it can be enforced. The Office of the Attorney General is the central authority. At the time of the country visit, Mozambique had never received such requests.

Mozambique does not require a treaty to cooperate for confiscation purposes. Provisions of the Convention are directly applicable despite the lack of a law on mutual legal assistance. The Convention has already been used in a cooperation case with Brazil.

Mutual legal assistance is provided in accordance with national law unless an agreement exists, and *de minimis* requests are not refused (arts. 50–52). Before lifting any provisional measure, Mozambique must inform the requesting State party of its intention (art. 52, para. 5).

Mozambique has provided a copy of its Law on Money-Laundering and Terrorist Financing to the Secretariat during the country visit.

Rights of bona fide third parties are protected (art. 39 of the Law; art. 45 of the regulation).

Return and disposal of assets (art. 57)

Confiscated goods, assets or amounts of money become the property of the State (art. 99-3 of the Penal Code).

Regarding seized goods, the judge may allow them to be sold by auction to preserve their value (art. 6, decree 21/71 on judicial services). There is no provision under which the defendant could buy off his own property. At the time of the country visit, Mozambique was in the process of establishing an asset management unit.

Mozambique has the right to dispose of confiscated proceeds of money-laundering (art. 54, Law on Money-Laundering and Terrorist Financing). It may enter into agreements with other States "for capital and properties confiscated" to be "shared between them". It is unclear how the expenses associated with the return of assets are dealt with, since, at the time of the country visit, no such case had occurred yet and no agreement existed regarding asset return.

3.2. Successes and good practices

- The definition of politically exposed persons includes national politically exposed persons (art. 52 (1));
- The notice of the Bank of Mozambique obliges all staff of financial institutions to follow specific training on prevention and fight against money-laundering and terrorism financing (art. 52 (2) (a));
- Records of transactions, accounts and customer due diligence must be kept during 15 years after the operations or the closure of business (art. 52 (3));
- Mozambique has already used the Convention as the basis of mutual legal assistance granted to Brazil (art. 55 (3)).

3.3. Challenges in implementation

It is recommended that Mozambique:

- Adopt measures to extend mutual legal assistance, including on asset recovery, beyond money-laundering matters (art. 51);
- Issue advisories to all financial institutions regarding the type of natural or legal person to whose accounts they will be expected to apply enhanced scrutiny (art. 52 (2) (a));
- Adopt a regulation on how entities should implement United Nations sanctions (art. 52 (2) (a));
- Consider extending asset declaration requirements of public officials to the disclosure of an interest in or signature or other authority over a financial account in a foreign country (art. 52 (3));
- Address the recommendation under art. 8 (5) above (art. 52 (5));
- Monitor that in practice, a foreign State is able to initiate civil action in courts to establish title to or ownership of property acquired through the commission of a Convention offence, and to request compensation and damages; ensure that courts or authorities, when having to decide on confiscation, recognize another State's claim as a legitimate owner of property acquired through the commission of a Convention offence (art. 53);
- Take measures to permit its competent authorities to give effect to a confiscation order issued by a foreign court (art. 54 (1) (a) and (b));
- Consider taking measures to allow non-conviction-based confiscation in appropriate cases (art. 54 (1) (c));
- Consider taking measures to permit its competent authorities to preserve property for confiscation (art. 54 (2) (c));

- Monitor that in practice, when Mozambique receives a request from another State party for confiscation of proceeds of crime, it submits the request to its competent authorities for the purpose of obtaining a confiscation order and, if such order is granted, give effect to it (art. 55 (1));
- Endeavour to enhance direct cooperation, including proactive disclosure of information (art. 56);
- Endeavour to establish an asset management unit (art. 57);
- Extend asset return beyond money-laundering matters and monitor that when a request is made by another State party, Mozambique enables its competent authorities to return confiscated property in practice (art. 57 (2));
- Mozambique may wish to conclude agreements or mutually acceptable arrangements for the final disposal of confiscated property and consider waiving the asset sharing (art. 57 (5));
- Endeavour to adopt more memorandums of understanding between GIFiM and other national financial intelligence units outside the subregion and to ensure that GIFiM becomes a member of the Egmont Group; take measures to increase the number of suspicious transaction reports sent to GIFiM (art. 58);
- Consider signing bilateral or multilateral cooperation agreements including provisions on asset recovery (art. 59).

3.4. Technical assistance needs identified to improve implementation of the Convention

- Capacity-building (arts. 52 and 54–56);
- Institution-building (arts. 54–56);
- Legislative assistance (arts. 53–57);
- Facilitation of international cooperation with other countries (art. 54).



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**Review of implementation of the United Nations
Convention against Corruption**

Executive summary

Note by the Secretariat

Addendum

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II. Executive summary

Mauritius

1. Introduction: overview of the legal and institutional framework of Mauritius in the context of implementation of the United Nations Convention against Corruption

Mauritius signed the United Nations Convention against Corruption on 9 December 2003, ratified it on 15 December 2004 and deposited its instrument of ratification with the Secretary-General on 14 November 2005.

A hybrid legal system has developed in Mauritius, characterized by common law and civil law concepts taken mainly from France and the United Kingdom of Great Britain and Northern Ireland. While Mauritius uses a Criminal Code and Civil Code derived from French law, it has also been strongly influenced by the United Kingdom with regard to law on evidence and administrative law.

The most important institutions in the fight against corruption and money-laundering are the Independent Commission against Corruption (ICAC) and the Financial Intelligence Unit (FIU). Mauritius has enacted numerous laws to prevent and fight corruption, including the Prevention of Corruption Act (POCA, 2002), the Financial Intelligence and Anti-Money Laundering Act (FIAMLA, 2002), the Asset Recovery Act (ARA) and the Good Governance and Integrity Reporting Act 2015. In addition, the Bank of Mauritius and the Financial Services Commission have regulatory and supervisory jurisdiction within the scope of anti-money-laundering (AML) and countering the financing of terrorism (CFT), in relation to banking and non-bank financial institution activities.

Mauritius was reviewed during the first cycle of the second year of the Implementation Review Mechanism (CAC/COSP/IRG/II/2/1/Add.21).

2. Chapter II: preventive measures

2.1. Observations on the implementation of the articles under review

Preventive anti-corruption policies and practices; preventive anti-corruption body or bodies (arts. 5 and 6)

Mauritius does not have an explicit national anti-corruption policy, but adopted the comprehensive POCA and other relevant laws. An implicit national policy was developed subsequent to the establishment of ICAC. The Public Sector Anti-Corruption Framework (PSACF) encourages the adoption of sectoral anti-corruption policies and strategies, corruption prevention plans and corruption risk management systems. To date, 55 public bodies have developed tailored anti-corruption policies and another 45 have embarked on corruption risk management exercises. Furthermore, 79 public bodies have established dedicated anti-corruption committees and have designated their integrity officers responsible for liaising with ICAC.

ICAC monitors the public bodies through regular corruption prevention reviews. Implementation of the review recommendations is also monitored by the anti-corruption committees on which ICAC officers act as ex officio members.

ICAC, the officially designated preventive body, implements its mandate through yearly action plans. It conducts a wide range of activities, including the above-mentioned corruption prevention reviews, development of manuals and tools, model policies and plans, events with the civil society, public and private sectors, organization of training sessions and awareness-raising and educational campaigns.

ICAC also plays a role in the evaluation of laws through the corruption prevention review recommendations, which have to date triggered numerous legislative reforms.

The independence of ICAC is established under POCA (s. 19-23) and is maintained through the allocation of sufficient material resources, selection of specialized staff and regular training programmes. POCA prescribes the appointment and termination procedure for the Director-General of ICAC (s. 19-21) and the rules for the appointment of ICAC officers (s. 24). ICAC is accountable to the National Assembly Parliamentary Committee, to which it submits its annual reports, including audited accounts (s. 36 and 59, POCA). In addition, the Parliamentary Committee monitors and reviews ICAC operations, except for investigations, and can enforce disciplinary actions in relation to the Director-General under prescribed circumstances (s. 61, POCA). The Committee also considers and approves the ICAC budget, which is then publicly available in the national budget. Detailed expenditure is found in publicly available annual reports.

Other bodies with mandates touching upon corruption and prevention include the FIU and the Mauritius Revenue Authority (MRA).

Mauritius actively participates in various anti-corruption initiatives and forums, including the Southern African Development Community (SADC) Anti-Corruption Committee, the International Association of Anti-Corruption Authorities and the Association of Anti-Corruption Agencies in Commonwealth Africa, and maintains bilateral partnerships with several foreign anti-corruption agencies. In addition, in 2015 and 2016, Mauritius hosted the global conference on anti-corruption reform in small island developing States.

Public sector; codes of conduct for public officials; measures relating to the judiciary and prosecution services (arts. 7, 8 and 11)

The Public Service Commission (PSC) and the Disciplined Forces Service Commission (DFSC) are responsible for the recruitment, hiring, promotion and retirement of public officials, as governed by 1961 PSC and 1997 DFSC regulations. Other bodies with similar responsibilities include the Local Government Service Commission (LGSC), which fulfils similar functions for local government officials; the Ministry of Civil Service and Administrative Reforms (MCSAR), which addresses conditions of service and staff relations; the Civil Service College, which provides training to public bodies; the Public Bodies Appeal Tribunal (PBAT), which hears appeals against decisions of the PSC, DFSC and LGSC; and the Employment Relations Tribunal, a quasi-judicial body dealing with labour disputes. Statutory and corporate bodies, State-owned institutions and public companies fall outside the purview of the PSC and DFSC, and regulate recruitment in their respective legislations. The Judicial and Legal Services Commission (JLSC) is responsible for the appointment and the disciplinary control of the legal officers of the Office of the Attorney General and of the Office of the Director of Public Prosecution (DPP), as well as of magistrates and judicial officers (Constitution, s. 86, and JSLC Regulations 1967). Appointment and removal procedures for judges of the Supreme Court and the DPP are provided for in the Constitution (s. 72, 77 and 78).

While vacancies for public service are advertised through the Internet and national newspapers, the commissions may also delegate recruitment of junior or lower general service positions to the respective responsible offices. The recruitment process involves screening of candidates, written examinations and interviews, with integrity testing increasingly part of the process. The PSC and the DFSC do not notify unsuccessful candidates individually, but issue press communiqués about specific posts having been filled. While public officials may only appeal recruitment decisions in the Public Bodies Appeal Tribunal and subsequently in the Supreme Court, unsuccessful candidates outside the public service may only appeal through the judicial review in the Supreme Court. Rotation systems are officially in place for certain positions in public service (e.g., police officers), and, while not explicitly regulated, there is an established practice of some rotation in national administration, including at the highest levels. Promotion of public officials is governed by PSC Regulations (Part III).

Mauritius has identified certain positions as particularly vulnerable to corruption (e.g., customs officers, procurement officers and officers involved in the allocation of licences and permits). These are subject to special training or tailored integrity management programmes organized by ICAC in collaboration with, among others, MRA, MCSAR and the Mauritius Police Force.

All public officials are bound by the general code of ethics for public officers, which covers conflicts of interest, gifts and outside employment, among other issues. While only of an aspirational nature, it complements the PSC Regulations, which introduce the disciplinary mechanism and sanctions (s. 30–46). Separate sectoral codes of conduct exist for procurement officers and law enforcement officers. The Code of Corporate Governance applies to all State-owned enterprises.

Non-disclosure of conflict of interest is a criminal offence under POCA (s. 13). The creation of conflict of interest management systems in public bodies is recommended by ICAC and has been implemented in many public bodies.

Mauritius has adopted a zero tolerance approach for gifts to public officials. The only permissible gifts are tokens. ICAC has developed guidelines on gifts, recommending all public bodies to establish a duty to report all tokens and to create gift registries. However, no binding legal provision exists and many public bodies have yet to implement this recommendation.

Secondary employment is permitted only in the areas where there is a scarcity of skills (s. 10, Code of Conduct) and then only with the prior approval of the head of the institution. No cooling-off period for public officials moving to the private sector is in place.

Public officials have a duty to report acts of corruption to ICAC (POCA, s. 44); however, there are no sanctions for non-reporting. ICAC has issued guidelines on this issue, which have been widely disseminated within public bodies.

Some public officials are subject to regular, confidential asset declarations, including staff of ICAC, MRA, the FIU and the Procurement Policy Office. All elected officials, including members of the National Assembly, the Rodrigues Regional Assembly and local authorities, are subject to mandatory asset declarations (s. 3, Declaration of Assets Act (DAA)). Non-submission of declarations is sanctioned (s. 6, DAA); however, no established verification and monitoring mechanism is in place. POCA section 84 on possession of unexplained wealth can be used in the course of an investigation.

Mauritius is currently in the process of drafting a new public service bill to address the existing gaps in the areas of disciplinary sanctions, asset declarations and gifts. The bill will be supplemented by a new comprehensive code of conduct for public officials, as well as codes for ministers and political advisors.

MCSAR relies on the recommendations of the national Pay Research Bureau for pay scales and salary revisions for public officials.

Criteria concerning candidature for and election to public office are set out in the Constitution (s. 33 and 34), the Representation of the People Act (RPA) (s. 69, 70 and 74), the Rodrigues Regional Assembly Act and the Local Government Act.

The legal and regulatory framework around the funding of candidatures for elected public office and political parties is limited and includes the following: Part IV of RPA (which calls for transparency in election expenses), the Code of Conduct for National Assembly Elections and the Code of Corporate Governance (which calls on private entities to provide political funding within law and in the interest of the company). All elections are supervised by the Electoral Supervisory Commission. Mauritius aims to adopt a comprehensive new law on funding of political parties, covering areas such as accounting obligations, public subsidies, private donations and expenditure limits. Guidelines for Judicial Conduct establish standards of ethical conduct for judges and magistrates and address, among others, the issues of conflict of interests and recusal. Prosecutors are guided by the Guidelines on Prosecution and

the Code of Ethics for Barristers and Attorneys. The JLSC regulations set out the disciplinary mechanism (s. 14–21).

Public procurement and management of public finances (art. 9)

Public procurement is governed primarily by the 2006 Public Procurement Act (PPA). The institutional framework includes the Procurement Policy Office (PPO), the Central Procurement Board (CPB) and the Independent Review Panel (IRP).

Procurement is currently decentralized at the level of individual ministries and departments, while high-value procurement (above 100 million Mauritian rupees, depending on the category in which the public body is listed in the Schedule of the PPA) is carried out by the CPB.

E-procurement was introduced in Mauritius in 2015. In addition, an online procurement portal provides links and information pertaining to procurement, tenders and awards.

Unsuccessful bidders can challenge procurement decisions before the IRP. While the PPA prescribes that IRP recommendations are binding, no mechanism is in place to enforce IRP decisions in the case of non-compliance.

The procedures and competences for the elaboration and adoption of the national budget are set out in the Finance and Audit Act. The Ministry of Finance and Economic Development (MoFED) plays a key role in this regard, including through requesting and gathering budget proposals electronically from ministries and departments, conducting consultations and presenting the budget to the National Assembly for approval.

The legal framework around the accountability in the management of public finances includes the Finance and Audit Act, the Statutory Bodies Act, the Act for Special Funds, the Local Government Act and the Financial Reporting Act. Institutions with relevant mandates include: MoFED, NAO, Accountant General, Director of Audit, Public Accounts Committee and Financial Reporting Council. No sanctions are in place for heads of ministries and departments for late submissions of their annual reports and financial statements. The Criminal Code includes several offences related to falsifying records and books (s. 106–112).

Under the National Archives Act, all public bodies are required to keep their records for seven years, and the National Archives serves as the repository of public records.

Public reporting: participation of society (arts. 10 and 13)

Mauritius plans to adopt a new Freedom of Information Act to fill the existing gaps with regard to access to information, such as lack of procedures for requesting information, no clear duty of public officials to disclose information and no sanctions for non-compliance.

Mauritius proactively shares information with the general public, including through publication of information on the Internet, several e-portals and e-government initiatives.

ICAC has developed partnership strategies with numerous civil society organizations towards better prevention of corruption, including through the following platforms: Trade Union Action against Corruption; Civil Society Network against Corruption; NGO Focal Group; Anti-Corruption Academic Forum and Youth Against Corruption.

ICAC has developed a range of public education programmes, including anti-corruption modules at all education levels and training activities for public and parastatal bodies.

Any person may report an act of corruption to ICAC (POCA, s. 43). ICAC has established several reporting channels, including through a hotline, letters, Internet, anonymously or in person.

Private sector (art. 12)

The relevant legal framework includes the Companies Act, FIAMLA, the Financial Reporting Act, the Financial Services Act, the Securities Act, the Bank of Mauritius (BOM) Act, the Banking Act and PPA.

The Financial Reporting Council (FRC) promotes high quality reporting by public interest entities and improves the quality of accounting and auditing services. The Mauritius Institute of Professional Accountants supervises and regulates the accountancy profession and has established a Code of Professional Conduct and Ethics for Accountants. The Mauritius Institute of Directors promotes corporate governance through training and development. The Financial Services Commission (FSC) regulates and monitors the non-bank financial services sector.

The Code of Corporate Governance comprises a set of principles and guidance aimed at improving the governance practices of organizations within Mauritius. It governs conduct of all public interest entities (as defined in the Financial Reporting Act), State-owned enterprises, statutory corporations and parastatal bodies, and has been revised in 2016 to better implement the existing international standards. Among others, the Code calls for the development of internal risk management systems. While no sanctions exist for non-compliance, the Financial Reporting Council may write to the board of a given entity to encourage them to comply. The Council reviews the annual reports of all public interest entities.

In 2013, the Public Private Platform against Corruption was set up to build synergies between the public and private sectors. The Private Sector Anti-Corruption Task Force was established in collaboration with the Mauritius Institute of Directors and Business Mauritius, among others, as a voluntary private sector anti-corruption initiative.

Mauritius has amended the Business Facilitation Act to enhance transparency in obtaining registrations, licences and permits for various commercial activities at both State and local levels.

Tax deductibility of expenses that constitute bribes is not allowed (s. 26, Income Tax Law).

Measures to prevent money-laundering (art. 14)

Mauritius is a founding member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). Mauritius has undergone several assessments by the World Bank and the International Monetary Fund (Financial Sector Assessment Programme) and is presently carrying out its own risk assessments. These reviews and assessments have in the past all triggered subsequent amendments to the legislative and regulatory AML/CFT frameworks over the last decade.

Mauritius AML regulatory and supervisory regimes include FIAMLA, the Financial Services Act 2007, the Banking Act, the BOM Act and related regulations.

However, BOM and FSC, as regulators for the financial services sector, issue guidance notes on AML/CFT to their licensees. The FIU has, among others, issued guidelines on the filing of suspicious transaction reports. Mauritius National AML Committee (FIAMLA Section 19A) intends to draft a new AML/CFT national strategy and road map in the near future. Apart from the ultimate goal of realigning the AML/CFT framework to the 2012 recommendations of the Financial Action Task Force, the anticipated strategic process should also help strengthen and harmonize inter-institutional cooperation.

Mauritius applies a risk-based approach to Customer Due Diligence (BOM Guidance Notes on AML Section 2.05). The legally binding Guidance Notes on AML issued by BOM, as well as those issued by the FIU and the FSC, outline the details required to identify the originator (including name, address, ID number and account number). Such details should be submitted by the originating bank through any intermediary institution until the transfer reaches its final destination.

Mauritius moved from a disclosure to a declaration-based cross-border cash system in 2009, which covers all physical cross-border movements and all forms of cash and negotiable instruments (Customs Act, sect. 131A). The current limit is 500,000 Mauritian rupees (equivalent to \$14,500), which is the same as the permissible cash transaction limit in Mauritius (sect. 5, FIAMLA). Failure to comply with the cited provision is a criminal offence, which can be sanctioned with a fine of up to 2 million Mauritian rupees and to penal servitude for a term not exceeding 10 years.

Mauritius has signed a considerable number of memorandums of understanding with the international counterparts of the FIU and the FSC in order to combat money-laundering and counter the financing of terrorism through cooperation and information-exchange.

2.2. Successes and good practices

- The adoption of PSACE, calling on public bodies to develop and implement their own anti-corruption policies and corruption risk management systems (art. 5, para. 1)
- Wide multi-stakeholder engagement and regular consultations with civil society (art. 13)

2.3. Challenges in implementation

It is recommended that Mauritius:

- Enhance transparency in the funding of political parties, including through the adoption of a new law which would regulate issues such as accounting obligations, public subsidies, private donations, public disclosure and expenditure limits (art. 7, para. 3)
- Consider strengthening the asset declaration system for public officials, including through the adoption of the envisaged new law and introducing an effective verification system (art. 7, para. 4, and art. 8, para. 5)
- Amend its asset declaration system to also include information regarding foreign-based assets, signatures and other values (art. 8, para. 5, and art. 52, para. 6)
- Continue the efforts to encourage public officials to report acts of corruption (art. 8, para. 4)
- Consider strengthening the measures concerning gifts to public officials, in particular courtesy gifts of higher value (art. 8, para. 5)
- Take measures to strengthen the enforceability of the IRP recommendations on procurement (art. 9, para. 1)
- Enhance the efforts to promote accountability in the management of public finances, such as providing sanctions for late submissions of financial statements by ministries/departments (art. 9, para. 2)
- Continue the efforts of the Financial Reporting Council to monitor the compliance of the relevant entities with the Code of Corporate Governance (art. 12, paras. 1 and 2)
- Enhance transparency in procedures regarding licences and permits granted by public authorities, including through the amendments to the Business Facilitation Act (art. 12, paras. 1 and 2)
- Enhance access of general public to information, including through adopting a new law on the access to information that would fill the existing gaps, including grounds for refusal, time frames and an appeal mechanism. In addition, raise awareness among the general public regarding their right to request information (art. 10a, and art. 13, para. 1b)

- Continue the efforts to engage in consultations with civil society with regard to the development of new laws, such as the upcoming law on the access to information and the law on the funding of political parties (art. 13, para. 1a)
- Widen the non-financial businesses and professions scope of FIAMLA applicable to other sectors that are vulnerable to money-laundering that are not currently covered by existing AML legislation (art. 14, para. 1)
- Establish and ensure appropriate access to a bank account register with ultimate beneficial ownership information, which is at present under consideration, within one of the existing anti-money-laundering bodies (art. 14, art. 52, and art. 55, para. 8)
- Ensure the finalization and adoption of the AML/CFT national strategy and road map in order to establish a clear delineation of responsibilities among complementary competencies and avoid overlap and enhance inter-institutional cooperation (arts. 14 and 58)
- Continue the expansion of the software GoAML to further institutions in order to enhance inter-agency communication and coordination (art. 14)
- Introduce a reporting obligation for cash transactions above 500,000 Mauritian rupees (art. 14, para. 2)
- Clarify the scope of the provision relating to "payment" (sect. 2, FIAMLA) to mean the total amount paid and not the individual payments separately (art. 14, para. 2)

2.4. Technical assistance needs identified to improve implementation of the Convention

- Legislative assistance (arts. 9, 10 and 11)
- Institution-building (arts. 7, 8 and 9)
- Capacity-building (arts. 5, 6, 9, 11, 13 and 14)
- Research/data-gathering and analysis (art. 11)
- Facilitation of international cooperation with other countries (arts. 5 and 11)

3. Chapter V: asset recovery

3.1. Observations on the implementation of the articles under review

General provision; special cooperation; bilateral and multilateral agreements and arrangements (arts. 51, 56 and 59)

Several legislative provisions in Mauritius make express reference to the ability to cooperate in both a formal and informal capacity as well as share information nationally and internationally as deemed necessary to provide assistance (sect. 3, Mutual Assistance in Criminal and Related Matters (MACRM) Act; sect. 20 (3), FIAMLA; sect. 81 (5), POCA; and sects. 53–59, ARA).

The main piece of legislation with regard to asset recovery is the ARA, which provides for both conviction-based as well as non-conviction-based confiscation, including through the enforcement of a foreign court order. The FIU acts as the enforcement authority under the ARA Amendment of 2015 (sect. 4).

Mauritius communicates on a near daily basis with other States and shares information freely even in the absence of a treaty, including through the Egmont Group or the International Criminal Police Organization (INTERPOL).

Mauritius is still in the process of completing its first few asset recovery cases at the international level. Bank secrecy is not an obstacle to any asset recovery requests (ARA, sect. 57). However, it was noted that the courts were generally erring on the side of restraint when agreeing to access banking information, owing to human rights

considerations. Therefore, a bank account register would ensure easier access to information for investigative agencies.

There is a plethora of new laws and the revision of others is under way. Mauritius was urged to ensure that this new body of legislation should be coordinated and consulted among the many national institutions and bodies that are concerned, including through the new anticipated AML/CFT national strategy and road map. It was also highlighted that the Asset Declaration Act, currently being drafted, would also help develop and implement a transparent and comprehensive policy for asset recovery.

Mauritius has concluded a relatively large number of bilateral and multilateral agreements/arrangements concluded on international cooperation in general, and also participates in the Asset Recovery Inter-agency Network for Southern Africa (ARINSA).

Prevention and detection of transfers of proceeds of crime; financial intelligence unit (arts. 52 and 58)

At present, while all banks and financial institutions are required to keep "know your customer" information, there is no centralized register or database. Section 17 of FIAMLA requires licensees to verify the true identity of all customers and other persons with whom they conduct transactions and, in particular, verify the customer identification and identify the beneficial owners of funds deposited into high-value accounts. Mauritius also requires that financial institutions gather sufficient information in order to establish whether the customer is a politically exposed person and whether the beneficial owner could be a politically exposed person. The definition of a politically exposed person, who may be local or foreign, is outlined in the legally binding BOM guidance note on AML/CFT and the list of such persons should be reviewed at least yearly by senior management (sect. 6.100 et seq.).

As mentioned, Mauritius amends its legislation and regulations in order to align them with international standards. Mauritius requires that supranational standards be domesticated through a legislative process, which has not been done for the Convention to date.

Mauritian law sets a seven-year minimum threshold for the keeping of files and records. However, the law also allows such records to be kept longer; some institutions have therefore decided to preserve their records for a longer period of time. Records are not kept centrally, but within each institution.

The establishment of shell banks is prohibited and financial institutions are not allowed to enter into business relations with foreign institutions that accept the use of their accounts by such banks (sect. 5(1), BOM Act and sect. 6.92, BOM guidance note). The Central Bank (BOM) can communicate with other central banks and the FIU of Mauritius can communicate directly with foreign FIUs, which they do on a regular basis.

The Bank of Mauritius and the FSC require financial institutions to conduct AML/CFT risk assessments. Since August 2016, money-changers are required to report directly and in person to the Bank of Mauritius on all their transactions. Information on the sanctions or other restrictions applied after such due diligence can be found in the Banking Act (2004, sects. 11 et seq.).

Mauritius has a limited asset declaration system in place (see above under art. 8) which does not oblige officials concerned to disclose their "financial interests" outside of the country.

The Asset Recovery Investigation Division, which now falls under the aegis of the FIU, has both administrative and investigative powers. The FIU has the mandate to cooperate internationally for the purpose of asset recovery and regularly shares and seeks information for intelligence on an informal basis. Formal requests are sent through the Office of the Attorney General through a request for Mutual Legal Assistance.

It is anticipated that the new AML/CFT national strategy and road map will lay out the parameters for the complementary competencies in relation to the international aspect of cooperation in the area of asset recovery, AML and CFT.

Measures for direct recovery of property; mechanisms for recovery of property through international cooperation in confiscation; international cooperation for purposes of confiscation (arts. 53, 54 and 55)

While there is nothing to prevent another State from initiating civil proceedings in Mauritius, this has never happened, and it was unclear how it would be handled by a court from a legal perspective. However, foreign States and parties have already exercised the right to recover damages in Mauritius. There is nothing in the legislation of Mauritius to prevent a foreign State or entity from making a claim as a legitimate owner of property during the confiscation process, since the definition is interpreted widely: "any person or individual shall apply to and include a group of persons, whether corporate or unincorporated" (Interpretation and General Clauses Act of 1974). Foreign States have recourse to assistance through a mutual legal assistance request under the MACRM Act.

Mauritius provides the possibility for both non-conviction-based and conviction-based confiscation, freezing and seizing of assets and accounts (Parts III and IV of ARA). Conviction-based recovery is in person and non-conviction based in rem. The law outlines the process of seeking direct application of foreign orders through the Supreme Court (MACRM Act, sect. 12). In practice, and with a view to speeding up the process, the authorities of Mauritius may initiate a domestic procedure instead and/or in parallel, using the incoming request as evidence and attaching it to an affidavit. Such a process can be carried out and assets confiscated, frozen or seized within 24 hours.

Return and disposal of assets (art. 57)

Pursuant to sections 19–21 of ARA, Mauritius sells all assets that are confiscated in order to retain the monetary value. Funds are deposited into a separate account until final adjudication. The FIU can also appoint a trustee to estimate the value of the benefit derived by the crime and confiscate, seize or freeze assets to an equivalent amount. This practice has never been challenged to date. Also, once the case is adjudicated, 80 per cent of the recovered assets fall to the State of Mauritius, to be deposited into a recovered assets fund for compensating victims after costs incurred have been deducted (ARA 58 (2) and sect. 6).

At the request of any foreign State for the enforcement of a foreign order received through a mutual legal assistance request, section 58 of ARA stipulates that the Attorney General shall transfer any ill-gotten assets, pending which, the confiscated property remains vested in the State of Mauritius (ARA, sect. 54). Mauritius also can proceed with non-conviction-based confiscation in the absence of a final judgment at the request of a foreign State.

Civil asset recovery is also possible in Mauritius as per section 54 of ARA, together with section 13 of the MACRM Act.

3.2. Successes and good practices

- Setting up direct live reporting of money-changers to address risks identified by the Bank of Mauritius risk assessment of the banking sector (art. 14, para. 1, and art. 52, para. 1)
- Mauritius allows non-conviction-based confiscation, including on the basis of foreign orders and requests (art. 54)

3.3. Challenges in implementation

It is recommended that Mauritius:

- Amend its asset declaration system to also include information regarding foreign-based assets, signatures and other values (art. 8, para. 5, and art. 52, para. 6)
- Clarify the current legal uncertainty regarding whether States are allowed to be a civil party to an asset recovery case and directly apply to the courts in Mauritius (art. 53)
- Monitor the application of the Recovered Assets Fund in order to ensure that States that are victims are duly compensated (arts. 53 (b) and 58)
- In view of being a dualist country, ensure that the Convention can be used as a legal basis in international cooperation in general and in asset recovery cases in particular (art. 55, para. 6)
- Ensure the finalization and adoption of the AML/CFT national strategy and road map in order to establish a clear delineation of responsibilities among complementary competencies and avoid overlap and enhance inter-institutional cooperation (arts. 14 and 58)

3.4. Technical assistance needs identified to improve implementation of the Convention

- Legislative assistance (art. 59)
- Institution-building (art. 59)
- Capacity-building (arts. 51, 53 and 54)
- Capacity-building for the Assets Recovery Investigation Division (art. 58):
 - Financial investigations
 - Asset recovery investigations
 - Organization and analysis of large data volumes through data mining
 - Money-laundering and confiscation relating to virtual currencies